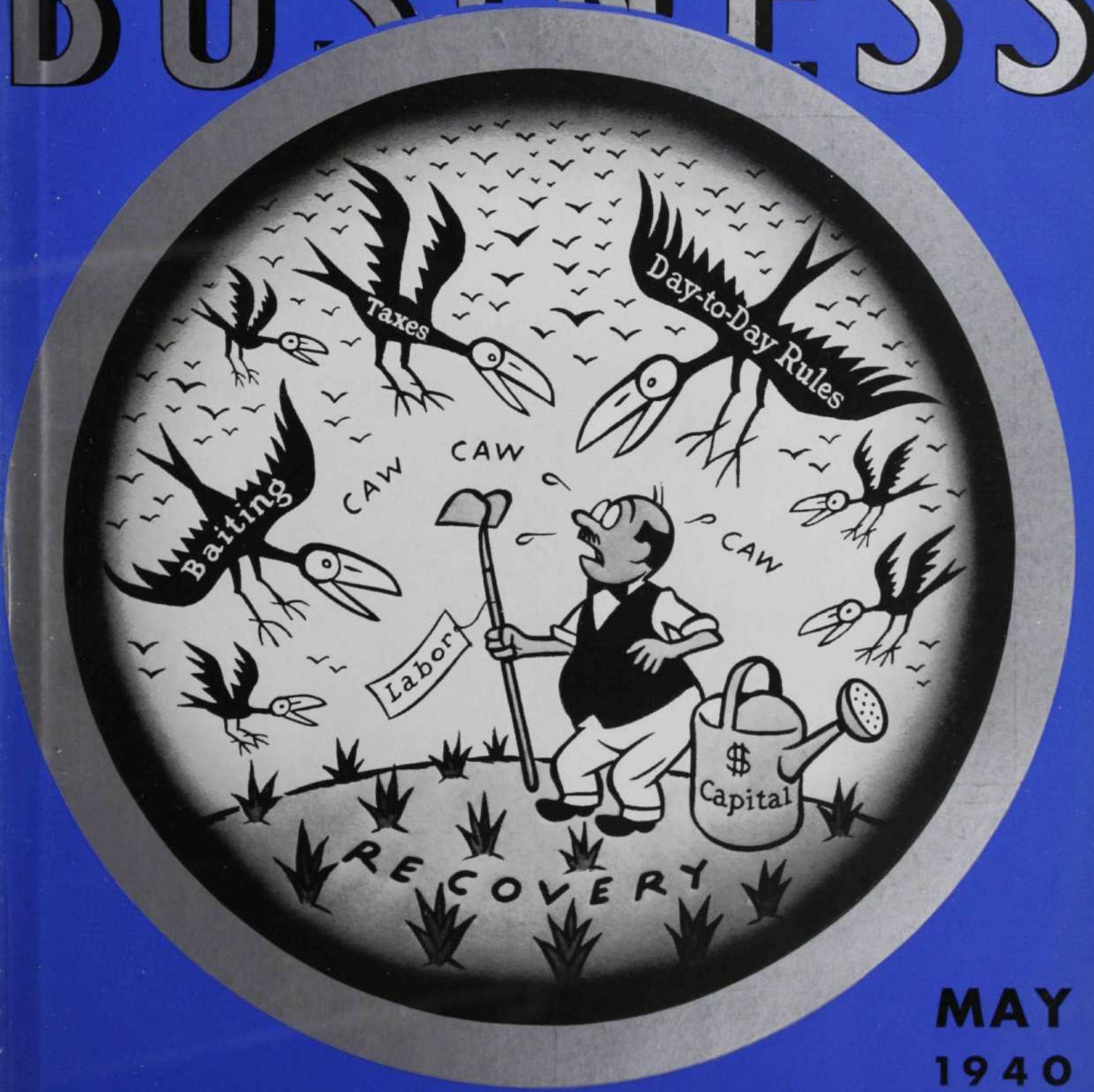
NATION'S BUSINESS

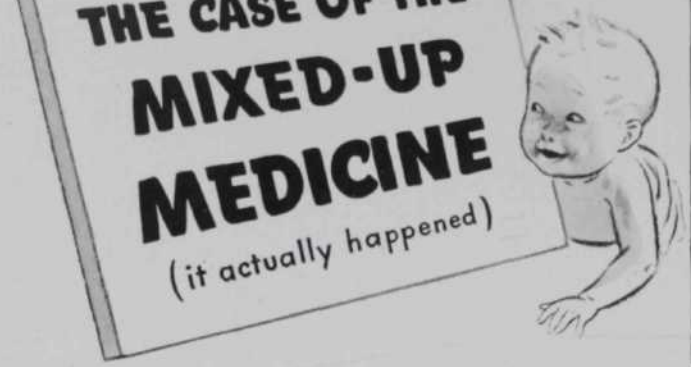


MAY
1940

The Economic Strategy of War • Aviation Looks Toward Peace • Business Asks the Public • The Case for Private Medicine

THE CASE OF THE MIXED-UP MEDICINE

(it actually happened)





1 Look, Mother! Here's the baby's medicine Fred and Grace were supposed to take with them. I'll bet they took the wrong bottle by mistake. . . . *I'm going to call the police!*



2 . . . they're in a green coupe headed for Boston. The license number is X3857. You *must* do something to stop them.



3 Send this message by teletype at once to all stations between here and Boston. Make it fast. A baby's life is in danger.



4 8-state alarm—stop dark green coupe, license X3857. Man named F—— B—— with wife and baby. They took wrong medicine bottle for baby. The one they have contains 1 per cent atrophine sulphate. Stop car and warn them. If supposed medicine has already been administered, use any emetic.



5 **ONE HOUR LATER.** That's the car we're after, Harry. Let's go!



6 We've just received the following message by teletype — Baby out of danger.

THE same factors that recommend Bell System Teletypewriter Service to the police *make it valuable to modern business also.* It flashes messages with speed and the accuracy of the written word. Saves time, error, and money. A Bell System representative will gladly tell you how. You can reach him readily through your local telephone office.

BELL SYSTEM

The More Fine Features the Better Car You Get!

Here's how "All Three" low-priced cars compare on 22 important features found in the 1940 high-priced cars:

Plymouth has 21... Car "2" has 11... Car "3" has 8



YOU CAN QUICKLY SINGLE OUT YOUR BEST BUY WHEN YOU JUDGE THIS "ONE-TWO" WAY



ONE: The 1940 Quality Chart reveals what each of "All Three" low-priced cars gives you in size, comfort, and safety...in long life, economy, and fine-car engineering.

TWO: Take Plymouth's Luxury Ride. It's the delightful way to satisfy yourself completely that the 1940 Plymouth gives most for your money!

1. SEE THE QUALITY CHART FOR FACTS | *2. TAKE THE LUXURY RIDE FOR PROOF*

IT'S EASY to see why thousands are switching to Plymouth this year! The new "One-Two" comparison makes this big demand for Plymouth perfectly clear!

Plymouth is the *only one* of "All 3" *low-priced* cars that gives you a majority of the 22 big features found in *high-priced* cars.

Plymouth's 117-inch wheelbase is the longest of "All 3." Plymouth alone gives you coil springs on all models...the thrilling performance of a big, Floating Power, "L-head" engine.

See the Quality Chart at your Dodge, De Soto or Chrysler dealer's. Then, to satisfy yourself still further, take Plymouth's Luxury Ride. Plymouth Division of Chrysler Corporation.

Major Bowes, C. B. S., Thurs., 9-10 p.m., E. D. S. T.
See the new low-priced Plymouth Commercial Cars!



PLYMOUTH

COUPES START AT **$645** | SEDANS START AT **$699**

Delivered in Detroit, Mich., including standard equipment. Prices include Federal Taxes. Transportation and state, local taxes, if any, not included.

EASY TO BUY

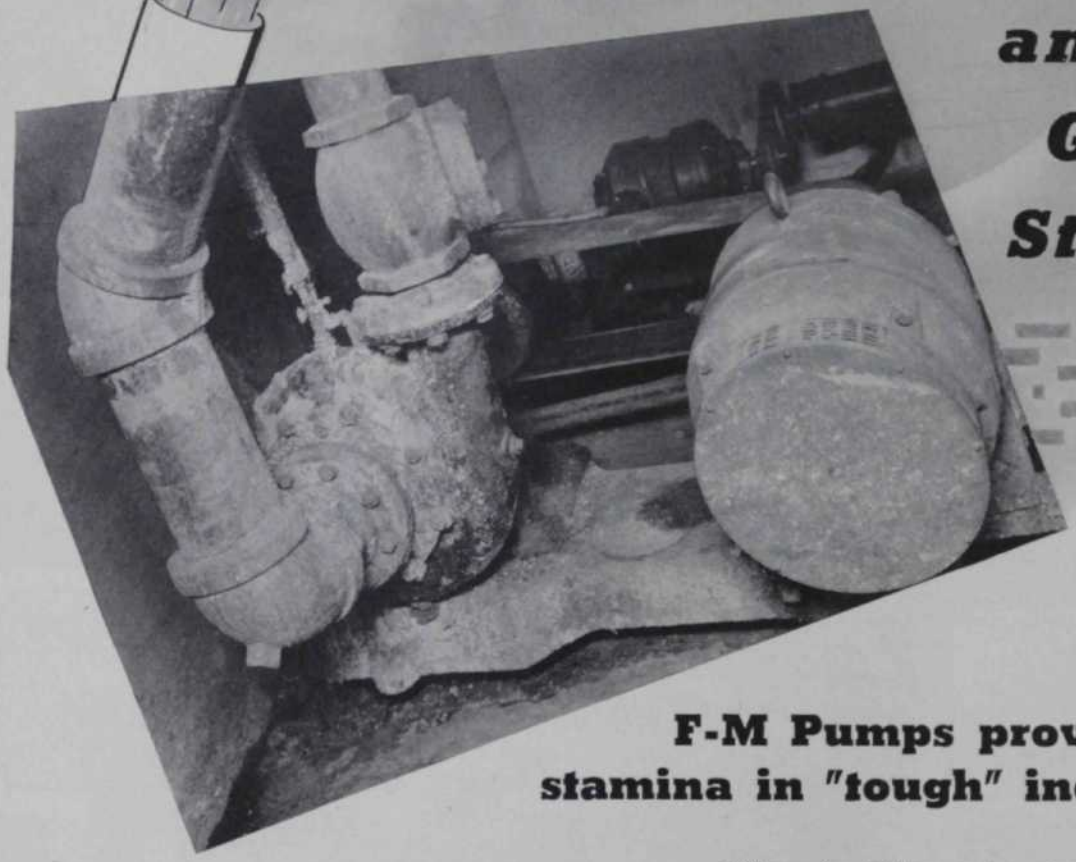
- Plymouth's 117-inch wheelbase is the longest of "All Three" low-priced cars.
- Plymouth alone gives you the riding smoothness of coil springs *on all models.*
- Plymouth alone gives you the big, economical, Floating Power "L-head" engine.

PLYMOUTH BUILDS GREAT CARS

Nation's Business is published on the 30th of every month by the Chamber of Commerce of the United States. Publication Office, Washington, D. C. Editorial, Advertising and Circulation Offices, 1615 H Street, N. W., Washington, D. C. Subscription price $3.00 one year; $7.50 three years; 25 cents a copy. Entered as second-class matter March 20, 1920 at the Post Office at Washington, D. C., additional entry at Greenwich, Conn., under the Act of March 3, 1879. Printed in U. S. A.

Six Years of Pumping ROCK WOOL

and Still Going Strong!



F-M Pumps prove their stamina in "tough" industrial jobs

Would a Fairbanks-Morse Sewage and Trash Pump stand up longer in the service of pumping *rock wool* for the Therminsul Corporation of Kalamazoo, Michigan than the pumps this company was using six years ago? At that time, the Therminsul Company had to buy a new pump or new impeller every ninety to one hundred and twenty days. Rock wool is more abrasive than sand—more difficult to pump than rags.

The Fairbanks-Morse engineer said that F-M Sewage and Trash Pumps would last twice as long and would not require cleaning every four hours. . . .

"That was six years ago," says an executive of the Therminsul Corporation. "Today, *every one* of your pumps is *still running.* Still more important is the fact that *they do NOT CLOG."*

Why are Fairbanks-Morse Pumps still going strong after six years of service on a job that caused other pumps to break down in three to four months? First, because Fairbanks-Morse makes the right *type* of pump for every job. Second, because the right type is *built right.* Better engineering . . . better materials . . . *precision* manufacture . . . naturally these things take more time and money in our plant. But what a lot of time and money they *save* in yours!

For specific details, write giving us description of the job you want done. Fairbanks, Morse & Co., Department 120, 600 S. Michigan Avenue, Chicago, Illinois. Branches and service stations throughout the United States and Canada.

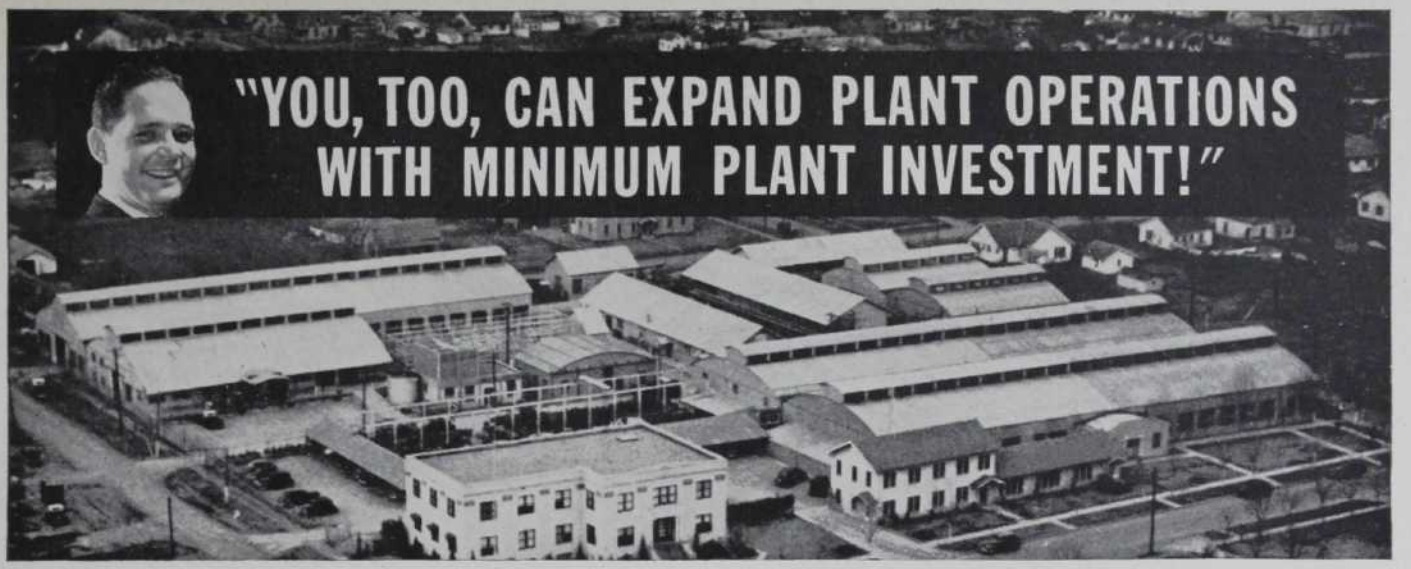
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FAIRBANKS-MORSE

DIESEL ENGINES
PUMPS
ELECTRICAL MACHINERY
FAIRBANKS SCALES
RAILROAD EQUIPMENT
WATER SYSTEMS
WASHERS-IRONERS
FARM EQUIPMENT
STOKERS
AIR CONDITIONERS

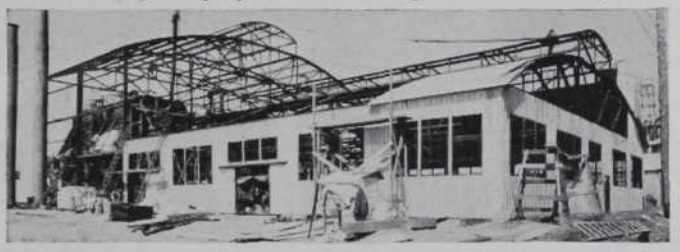
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Pumps

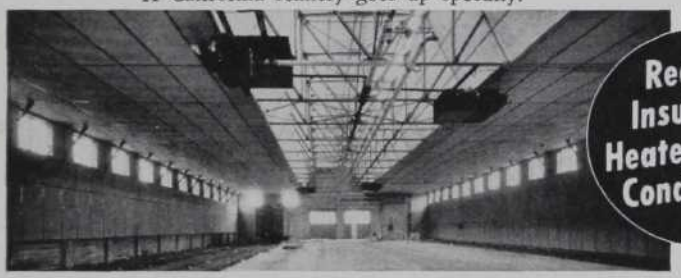


With a dozen Butler Steel Building Units Haliburton Oil Well Cementing Company of Oklahoma expanded economically.

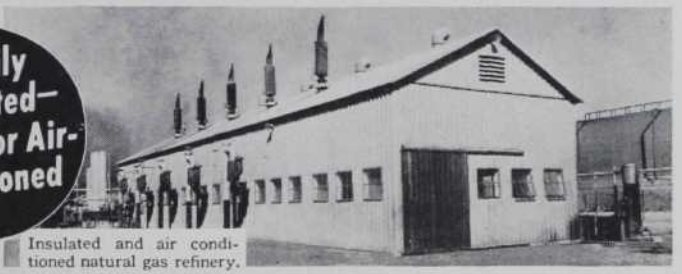
BUTLER STEEL BUILDINGS *installed in DAYS... instead of WEEKS!*



A California refinery goes up speedily.



Readily Insulated— Heated or Air-Conditioned



Insulated and air conditioned natural gas refinery.

(Above) Insulated and heated C. B. & Q. fruit car terminal.





Gable or round roof, sizes from 4'x6' up to 100' clear spans any length, door and window arrangements to suit.

(Below) A Butler Boulevard Building — insulated double-steel-panel structural system. Strikingly beautiful inside and out.





BUTLER READY-MADE STEEL BUILDINGS

Structurally Strong, Fire-Safe, Permanent, Easy To Enlarge, Take Down, Re-Erect!

Look into this 25-year-old, economy-working development in prefabricated steel structures NOW! See how completely it enables you to build in a hurry but well—and with a plant investment that can sooner be charged off. Compared with other types of fire-safe, permanent structures Butler Steel Buildings afford 3-way savings—in time—in erection cost—in maintenance.

In days instead of weeks you can permanently house space needed for more production or storage—in small units or large—units easily enlarged later or taken down and re-located with full salvage—units readily insulated, heated or air conditioned. Twenty-five years of engineering has developed factory fabricated units that quickly bolt together to give greater structural strength per pound of steel yet allow flexibility for tailor-measuring buildings to suit your particular needs.

FREE! SEND TODAY for the 50-page *Butler Book of Steel Buildings* showing a hundred different installations in a score of industries. An outline of your requirements will set Butler engineers to tailor-measuring plans to fit and figures to save 3 ways. Write or send the handy coupon.

BUTLER MANUFACTURING COMPANY
Factories: Kansas City, Galesburg, Minneapolis
ADDRESS: DIVISION B, KANSAS CITY, MO. OR MINNEAPOLIS, MINN.

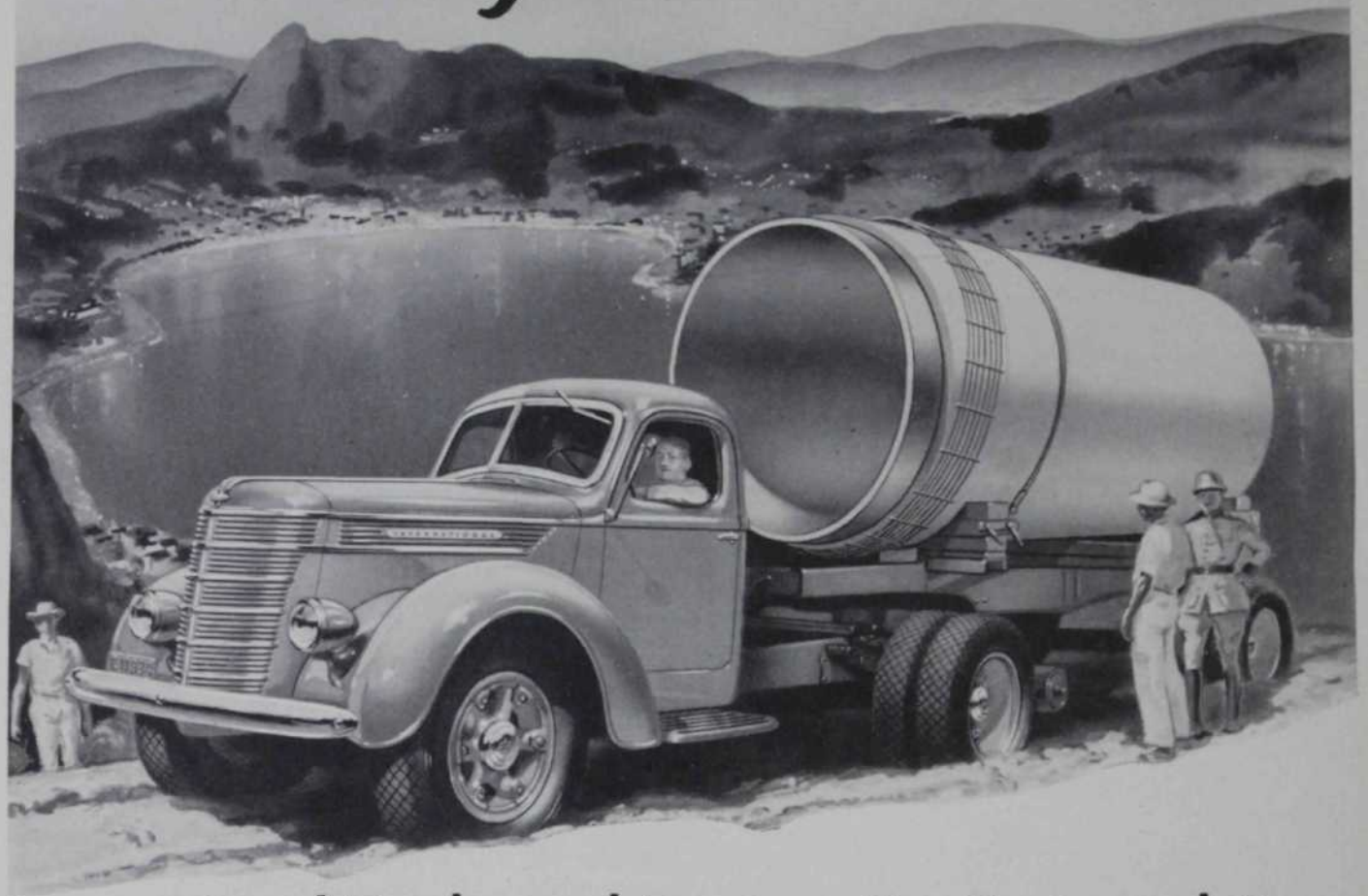
☐ Send Butler Book of Steel Buildings ☐ data on building ft. x ft. x ft.

Firm Name

Address

City *State*

Rolling down to RIO



International Trucks and Tractors Cut Costs and Save Time on Gigantic Water Conductor Project



All set to go! A new load every few minutes.



International TracTracTors clear and grade the right-of-way.

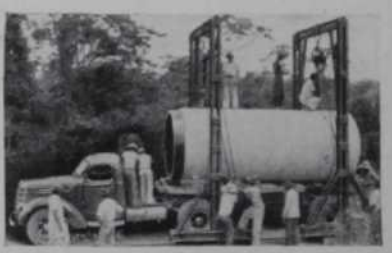
Brazil moves ahead on its march of progress, with a 60-mile aqueduct under construction to bring water to beautiful Rio de Janeiro. Thirteen thousand 22,000-lb. iron and concrete tubes will carry the water. The great project demanded the best in engineering skill and equipment.

International Trucks and Diesel TracTracTors "rolled down to Rio" and went to work for Dahne, Conceição & Cia. (Adductora Ribeirão Das Lages S. A.), clearing, grading, and preparing the right-of-way; transporting tubes, materials, and supplies; and easing the heavy tubes into the trench.

Thanks to the ability of 18 International Trucks and 9 International Diesel TracTracTors, a great city's dream becomes reality!

The world is dotted with such International records. If *you* have a truck or tractor job to do, there's a powerful International that's built and styled for *your* work. Ask the nearest International Dealer or Company-owned Branch for a demonstration.

INTERNATIONAL HARVESTER COMPANY
(INCORPORATED)
180 North Michigan Avenue Chicago, Illinois



Rapid and careful unloading of tubes by chain-hoist system.



Easing 22,000-pound tubes into place. No cracks, no damage!

INTERNATIONAL TRUCKS

Shake Hands with Our Contributors

PEOPLE of the United States are thankful for the Atlantic Ocean. They believe it is a formidable barrier against armed invasion. But when European nations are striving to destroy each other's trade, no policy of caution can keep our own commerce from feeling the impact of foreign guns, even though the shells are falling on distant lands. And, when peace returns, what will be left? When that time comes, can America alone shoulder the world's economic burdens?

B. H. McCormack, a financial writer for the *Wall Street Journal,* has examined the economic aspects of the war in relation to their present and future effect on the United States and reports his conclusions for NATION'S BUSINESS readers.

T. N. Sandifer is a Washington correspondent and feature writer who has specialized in aviation, military and naval subjects.

Henry M. Propper is a former newspaper man, now in public relations and information service. His interest in housing dates back to his repertorial days when he covered the Lockwood Committee legislative investigation into the post-war housing shortage. He was one of the charter members of the Citizen's Housing Council of New York.

James H. Hull, a graduate of the Yale Forestry School in 1908, served in the U. S. Forest Service in various capacities until 1919 when he retired because of an injury. He then took up professional writing as a career, but reentered forestry service when the C.C.C. camps were established. His first-hand observation is the basis of his article.

Dickson J. Hartwell is a member of the firm, Hartwell, Jobson and Kibbee, public relations counselors of New York.

Carroll Y. Belknap is vice president of Trade-Ways, marketing and management counselors.

William F. Ogburn is Sewell L. Avery professor of Sociology at the University of Chicago. He was director of research, President's Research Committee on Social Trends, 1930-33, and the author of numerous books and articles on social problems.

The Case for Private Medicine is the fifth in a series of special articles prepared by NATION'S BUSINESS staff on fields of free enterprise that are threatened with new governmental control. The proposed new controls of the practice of medicine are part of that broad front along which free initiative is being subjected to the pressure of collectivism. Physicians and dentists are in the same boat with business men.

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NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE U. S.

VOLUME 28 **Merle Thorpe, Editor & Publisher** NUMBER 5

Managing Editor, RAYMOND C. WILLOUGHBY; *Business Manager,* LAWRENCE F. HURLEY; *Director of Advertising,* ORSON ANGELL.

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From Artcraft to Aircraft

. . . *in Practically Any Craft, a Little Bit of Chemistry Often Means Market Leadership*

FROM dress clips, such as the Walt Disney Pinocchio pin, to Pan American Clippers; from cans to dress fabrics; from magazines to household appliances — in practically every item of daily living, protective and decorative coatings play an important role.

Baked enamels on novelty dress clips must stay beautiful. Wood-grained metal panels, coatings on electrical wiring in luxury airliners must resist wear, keep in step with modern styling. Can linings prevent metal corrosion, keep contents tasting fresh. Textile colors on dress fabrics and men's shirts must be sunfast, stay bright after laundering. Inks for magazines must dry in split seconds, produce quality printing, be rubproof. Coatings on household appliances must not chip or mar.

The consumer is looking at these protective and decorative coatings with a critical eye. The final judgment in a sale frequently depends upon appearance—upon the kind of coating which the manufacturer has chosen to apply.

To realize how true this is, one need only think of the pleasure, comfort and safety contributed by protective and decorative coatings on thousands of items in daily use.

During the last few years, research in the chemical field has developed hundreds of new materials for protective and decorative coatings.

Research Developed New Materials

Interchemical Corporation has played an important role in this field of research. The nature of its business offered an unusual opportunity for Interrelated Research. Where the products of a group of companies are related in character, the experience and knowledge gained in one field can be applied to the solution of the problems in another. As a result, Interchemical Corporation divisions and subsidiaries have developed and marketed many outstanding products. Among them are:

POLYMERIN Industrial Finishes, the original speed-bake finishes, which are beautiful in appearance, and which possess amazing chipproof and marproof qualities.

ARIDYE Textile Colors, which print sharply, reproduce engravings more exactly, set new standards of fastness to light and laundering.

VAPORIN Printing Inks, which dry in seconds instead of hours. Amazing press speeds are possible with these inks.

LITHOX Inks, which lithograph more sharply on metal and paper, and dry faster and harder.

ANILOX Inks, which are replacing aniline inks, offering better fastness to light and water.

The chemical coating may represent a small part of your production cost, but in terms of consumer acceptance this little bit of chemistry may mean market leadership. We will be glad to send you a copy of a book on "New Horizons Through Chemical Coatings."

INTERCHEMICAL CORPORATION
Dept. N. B., 75 Varick Street, New York

INTERNATIONAL PRINTING INK DIVISION
Inks for Every Printing and Lithographing Purpose

AULT & WIBORG CORPORATION
Industrial Finishes, Paints, Lacquers, Enamels

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Champlain Presses and Perfect Circle Engravings

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IN-TAG DIVISION *Inks for Rotogravure Printing*

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Printing Inks, Printing Machinery and Paper

THE AULT & WIBORG CO. OF CANADA, LTD.
Printing Inks, Rollers, Textile Colors, Paints

Chemical Coatings Play an Important Part in Practically Every Item of Daily Living: *Air Conditioning; Airplanes; Artificial Leather; Automobiles; Beverage Coolers; Bicycles; Boilers; Books; Camp Equipment; Carpet Sweepers; Cartons; Catalogs; Coated Strip Steel; Corrugated Board Products; Display Fixtures; Drapery and Dress Fabrics; Electrical Fixtures; Filing Cabinets; Footwear; Furniture; Games; Garden Tools; Gasoline Pumps; Glass Containers; Hospital Equipment; Household Appliances; Insulated Cable and Wire; Ironers; Kitchen Cabinets and Utensils; Labels; License Plates; Machinery; Magazines; Marine Equipment; Metal Containers and Novelties; Newspapers; Oilcloth; Paints; Paper Cups, Milk Bottles, Napkins and Plates; Plastics; Posters; Precision Instruments; Radiator Enclosures; Radios; Refrigerators; Rubberized Fabrics; Shower Stalls; Signs; Sporting Goods; Stationery Supplies; Stoves; Toilet Articles; Toys; Vacuum Containers; Vending Machines; Venetian Blinds; Wallboard; Wall Fabrics; Wallpaper; Washing Machines; Waxed Papers; Wearing Apparel; Zippers.*

INTERCHEMICAL CORPORATION

The twenty-nine factories and seventy-seven branches of Interchemical Corporation and its subsidiary and affiliated companies are located throughout the United States, Canada and the Orient

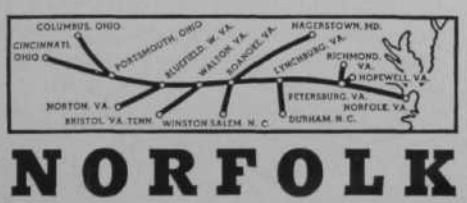
Are You Pushing the Deadline?



SHIP BY RAIL
FOR ON-TIME DELIVERY

With freight to ship and a deadline to make, you won't miss when you ship by rail. Railroads offer time-saving transportation for every type of carload and less-than-carload freight. Between the Midwest and the Virginias and Carolinas and between the North and the South, the Norfolk and Western Railway handles freight shipments with personal care that insures safe transit and on-time deliveries.

Always specify Norfolk and Western routing. You can rely on Precision Transportation to get your shipments to destination in shorter time, with greater economy, reliability and safety.



NORFOLK AND WESTERN RAILWAY

Precision Transportation

(COPR. 1940 N. & W. RY.)

Through the EDITOR'S SPECS

The road we're now on

IMAGINE a commission in Washington 16 years ago saying to one of the pioneer radio manufacturers:

> Here, you can't do that! You have no permission from us to start a new industry. You'll have to wait until radio has been standardized. It is still in a fluid state.
>
> Your device will become obsolete in a year or so and it's our duty to protect the people from the business exploiter. Close up your factory, stop work on your broadcasting station, and suspend your advertising till we give you the "go" sign.
>
> "Public interest, convenience and necessity" demand it.

If this country had operated under such rules in 1924 who can doubt that we would not now have the high quality programs and reception we enjoy. Had the same rough hand been laid on the infant automobile industry 40 years ago we probably would still be cranking obstreperous "Lizzies" and bragging about driving 80 miles without having to raise the hood.

These ruminations are not spring fever fancies. They are highly realistic deductions from the ukase by the Federal Communications Commission.

As everybody who reads the newspapers knows, the Commission has directed R.C.A. to "lay off" its announced plans for manufacturing and selling television receivers and for the establishment of transmitting stations.

This is the most brazen assumption of authority and omniscience since the National Labor Relations Board first donned its imperial purple.

A federal commission established primarily (insofar as radio is concerned) for the licensing of stations and allocation of wave lengths to avoid confusion and interference now presumes to proscribe a merchandising plan. A company that has spent $10,000,000 developing a new industry to employ "idle men and idle dollars," is told to go back and sit down. Political control of economic systems is a fever raging throughout the world. The results are everywhere the same: not enough goods and work to go around.

Medicine men in Washington

THE DISTRICT of Columbia Committee in the House of Representatives has moved officially to investigate repeated complaints that Washington is infested by a horde of soothsayers, oracles, clairvoyants, fortune tellers and crystal gazers. The Committee was told that these persons gain the confidence of citizens and take advantage of their susceptibility to bleed them.

Careful! The investigation may get out of hand and extend beyond the list of soothsayers in the classified telephone book. It may encompass political crystal gazers and even reach to the committeemen themselves!

Chain of fortune

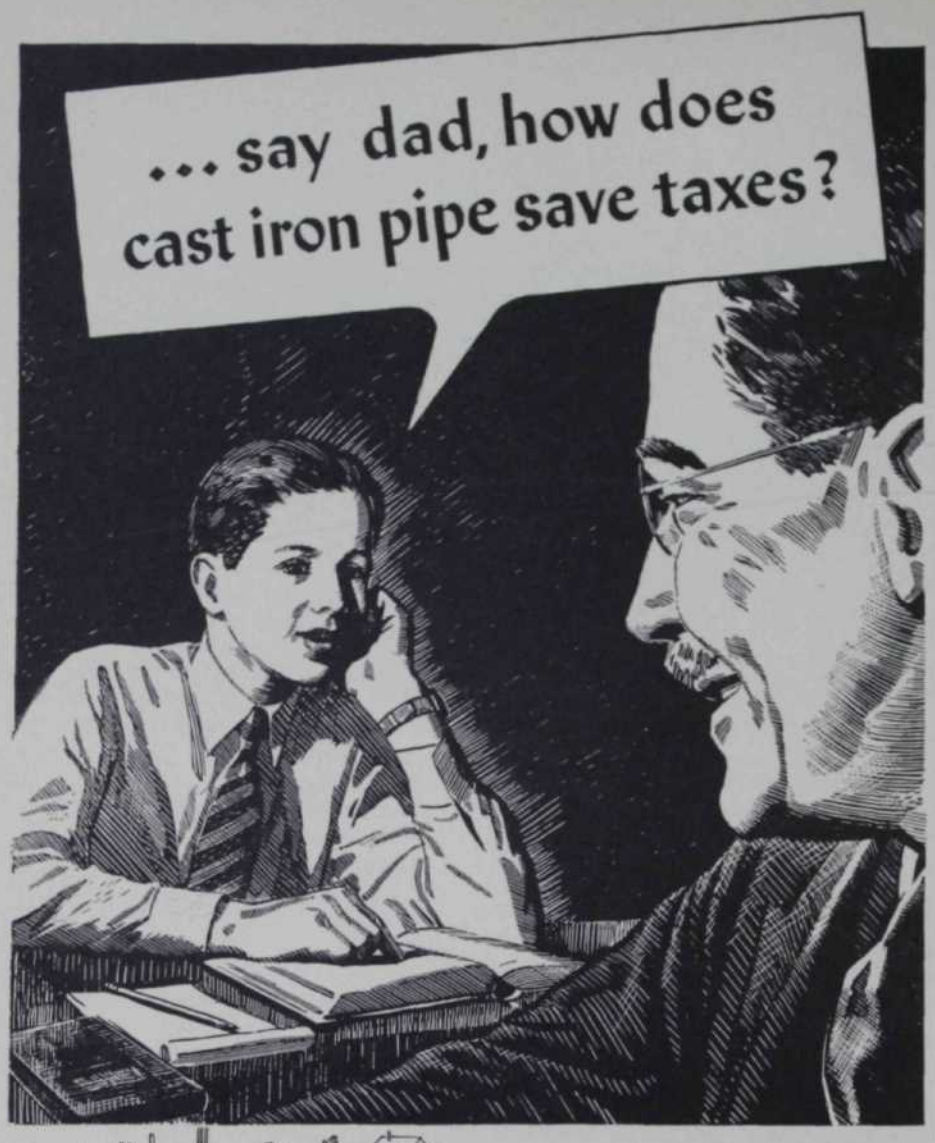
IT'S GENERALLY the little things that permit us to see our times as history in the making. Events like the Orson Welles "War of the Worlds" broadcast that panicked a large share of the nation and revealed a people jumpy, fear-ridden and credulous as children.

Robert H. Myers, Muncie, Ind., banker, thinks one of the most revealing of the foibles for which the '30's were noted was the chain-letter-with-dimes fad. Every one will remember apparently literate people who were diverted by this scheme.

You received a letter asking you to send the writer a dime—or maybe it was a dollar. You were asked to send copies of the letter to ten friends making the same request. If everybody entered into the spirit of the great movement, you would start an endless chain that would enrich you in time.

It was cooperation, the chain letter enthusiasts said. It put money into circulation. It would restore prosperity. If everybody would give a little to everybody else everybody would receive a great deal.

Mr. Myers sees the chain letter movement as a parable of Washing-





"IT'S like this, son. Your mother and I own this home. Therefore we pay taxes. As taxpayers we are part owners of the water supply system. The water mains in our city are cast iron pipe which lasts for more than a century. In fact, cast iron pipe has a *known* useful life at least double the *estimated* life of other water main materials.

That is why it is called Public Tax Saver No. 1. By making replacements unnecessary, it saves us tax dollars. When you become an engineer, remember that cast iron pipe is the only ferrous metal pipe, practicable for underground mains, that rust does not destroy."

Sizes from 1¼ to 84 inches.



Century-old cast iron water main which is saving taxes for the citizens of Richmond, Virginia.

PUBLIC TAX SAVER NUMBER ONE

CAST IRON PIPE

THE CAST IRON PIPE RESEARCH ASS'N, T. F. WOLFE, RESEARCH ENGINEER, PEOPLES GAS BLDG., CHICAGO

ton's official recovery formula. Tax the people to give back to the people what is left after official overhead is paid. Give and you shall receive of your own alms. It "circulates" and "redistributes" the income. If only every family had an annual income of $3,000, America would be one great Shangri-La. So they are to have it—by chain-letter public finance.

The meat that Caesars feed on

SECRETARY Wallace announces that he has found four grain dealers guilty of defrauding their customers and has debarred them from trading in the commodity futures markets. A few months back it was reported in the press that the Secretary had decreed that milk producers in the Kansas City area must reduce the price of milk by 20 cents a hundredweight.

In case you had forgotten, Mr. Wallace is Secretary of Agriculture in these United States of America. What would his predecessors think of a cabinet officer clothed with power to fix the price of a commodity and to adjudge citizens "guilty" of crimes and misdemeanors with the finality of a high court justice?

The tangled web of relief

AMONG THOSE on the relief rolls of New Rochelle, N. Y., city officials investigating the high cost of the dole in that city checked Frank Carbone and his family. They found that the Carbones owned a summer cottage on the Long Island shore. For four years they had received a regular relief stipend. While they were enjoying their annual vacations, Carbone would run into town once a week for his check. When summoned to explain, he could not talk with the investigator except through an Italian interpreter.

And yet social and political statesmen go on chanting, "the American system has failed because it has thrown millions of able-bodied men etc., etc."

Tramping out the vintage

JOHN STEINBECK'S "Grapes of Wrath" proved to be such a gold mine for the social consciousness boys and girls that they are now exploring the rest of the country for more of the yellow metal. At least a dozen federal agencies are looking for migrant labor in the East that can be saved from bondage.

Farm Security people are finding much to deplore among the families migrating north from Florida. Fifty to 80 per cent of them are syphilitic, it is said. They drink polluted water, and it's too hard for them to get relief. It was discovered that quarters

for temporary farm workers in New Jersey have no bath rooms, nor are they equipped with either electric washers or ironers.

Count that day lost whose low descending sun does not set upon a new emergency which willing hands will tackle if only the patient workers will give them the necessary money.

Dr. Jekyll and Mr. Hyde

THE T.N.E.C. rides in both directions at once.

Much of the Committee's material is still in rough form, and the Committee feels it would be negligent of its duty if it attempted to reach conclusions on the basis of incomplete evidence. . . . The Committee is proud of its record for objectivity. —From a statement by Chairman O'Mahoney of the T.N.E.C.

Testimony was presented (to the T.N.E.C.) to demonstrate the extent to which the large mutual life insurance companies are in fact controlled by their policyholders. It was demonstrated that the directors of such companies are practically self-perpetuating groups and that it was virtually impossible for the policyholders to elect a director who had not been selected by the existing management. It was shown that in some cases directors of insurance companies used their influence to bring tne patronage of the insurance companies, of which they were directors, to law firms, banks, and other business enterprises with which they were connected. The extent and character of systematic efforts of large insurance companies to control state legislation was demonstrated by testimony. . . . Testimony demonstrated that insurance companies have entered into anti-competitive agreements and understandings.—From the Fifth Annual Report of the S.E.C.

Still "not acceptable"

IN THE February number we compared Consumers Union's outlay for laboratory testing with what *American Consumer* had estimated as necessary to the sort of testing that would have value to the buyer of a product. Now Mr. Kallet of C. U. objects. He says the $12,000 figure we quoted as the cost of passing on 2,000 products does not include the salaries of chemists and engineers who did the testing. Some of them were paid and some were not, he adds.

We accept Mr. Kallet's qualifying



LURKING in the darkness of nooks, crannies and hard-to-get-at places are the enemies of boilers, engines, turbines, generators. . . . Flaws or cracks perhaps too small to be seen by the naked eye; incipient strains or metal deterioration. If undetected, they can bring disaster. They can wreck hard-won assets, and halt plant production.

Of course, insurance will soften the blow when a power-plant accident occurs. That is its purpose. But of even greater value to plants insured by Hartford Steam Boiler is the fact that this Company's chief concern is to see that the accident does *not* happen!

To this highly technical and exacting phase of its work, Hartford Steam Boiler brings an experience of seventy-four years. During that time it has engaged in no other line of underwriting. Its understanding of the things that can cause power-plant disasters — its success in detecting them in time — have come from this singleness of interest.

To plants operating power equipment, this concentration is important — the complex engineering problems involved in *preserving* safety warrant the very best consideration that can be given them by a *specialist.*

THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE COMPANY HARTFORD, CONNECTICUT

All Aboard for All America!

9,000 Miles for $90

That headline means just what it says.

You can step aboard a railroad train in your home town — and put as much as nine thousand miles of America behind you before you return—all for the price of $90, if you ride in comfortable air-conditioned day coaches—or $135.00 (plus $45 for one or two persons in a lower berth)—if you travel in spacious Pullmans.

You can take sixty days to do it—go by any established route—stop off wherever you wish.

See with your own eyes the grandeur of this land you live in—there's no other nation like it in the world.

So think of the things you'd like to see—the New York World's Fair—the Golden Gate exposition — the multicolored canyons carved by western rivers and the man-made canyons of Manhattan—elm-shaded villages of New England and sun-drenched pueblos of the southwest — the unspoiled natural wonders of the great National Parks and the sophistication of storied cities you've read about—the shores of the Atlantic, Pacific, the Gulf of Mexico, and those inland seas, the Great Lakes—the land of Dixie and the great Northwest—the towering Rockies and the forest-clad ranges of the East—landmarks hallowed in your nation's history—and landmarks of a civilization so old it has been forgotten.

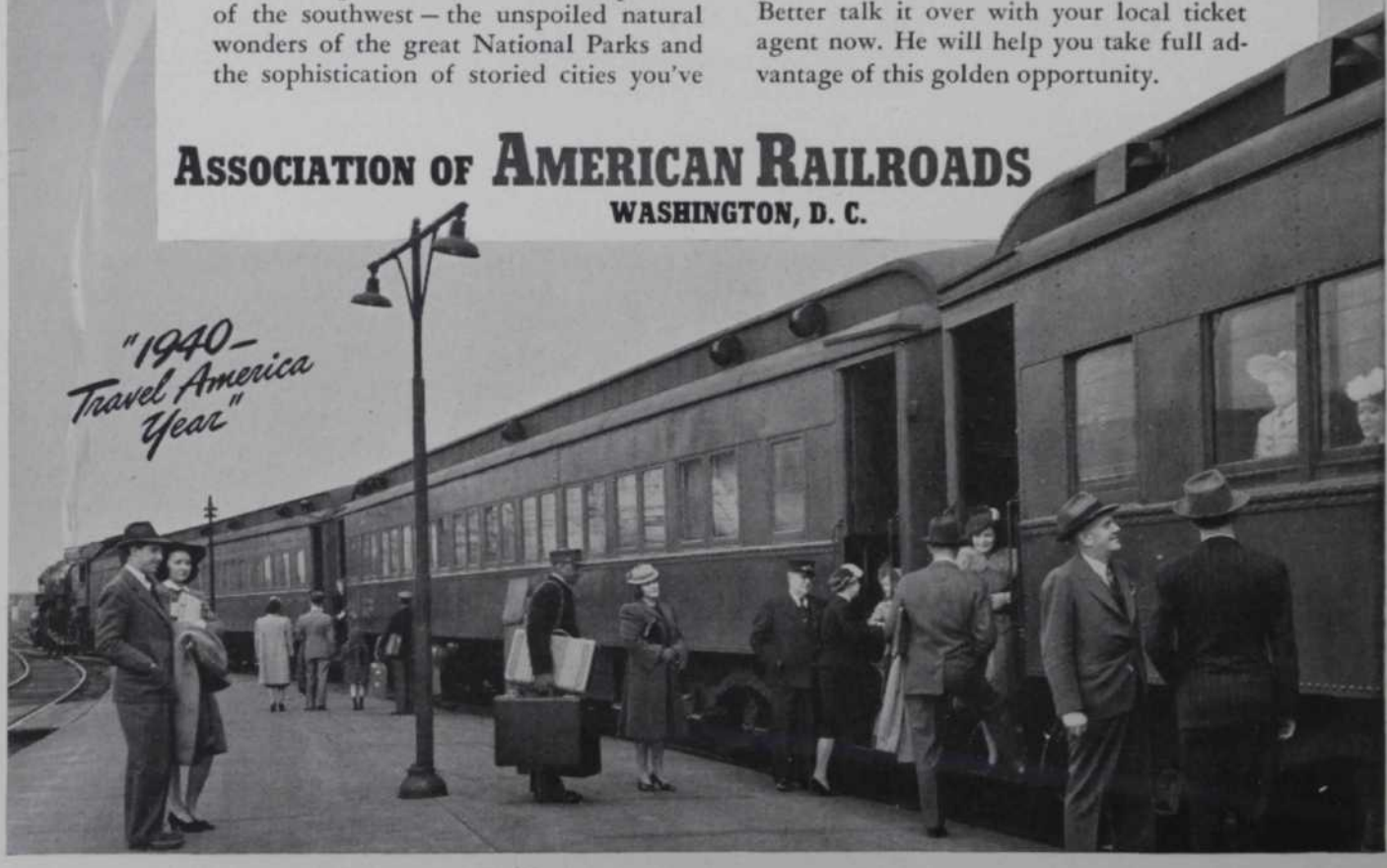
All these and more can be included in a vacation which starts the moment you step aboard a train.

It's the kind of vacation you've always dreamed of taking—and now the American railroads are ready to make it come true.

And in addition to the fascinating places you will see, you'll find new interest and luxury in today's trains, with their modern roomy coach and Pullman equipment — smart styling — ever faster schedules — and air-conditioned comfort and cleanliness.

Better talk it over with your local ticket agent now. He will help you take full advantage of this golden opportunity.

ASSOCIATION OF AMERICAN RAILROADS
WASHINGTON, D. C.



clause. Also we hope he will soon be able, now that he has gone in for advertising C. U. in a big way, to hire more and better chemists and engineers. The same hope goes for Mr. Schlink's Consumers Research. Then perhaps the "Best Buy" and "Recommended" imprimaturs of these two agencies may more often be in agreement.

The fine art of timing

IN A LETTER to his stockholders, the president of Electric Bond and Share Company assumes it was "only a coincidence" when the S.E.C. issued a statement of its action against Electric Bond and Share at the very same time that the company's annual report appeared.

That's a most charitable interpretation. The incident was very like the remarkable "coincidence" with which the Black and LaFollette Senate investigating committees always reached their sensational disclosures just in time for the early editions of the afternoon papers.

Politics and trade

THE U. S. Customs Court has decided that a brush is not a brush when it's used to apply nail polish. It's a "hair pencil."

Ordinarily that wouldn't be anything to lucubrate about, since we males and a lot of the other sex never use nail polish on our front hoofs, however it is applied. But it means a great deal to owners and employees of the U. S. Brush Company in Omaha, makers of a special set-in-metal brush used in finger nail grooming.

There is a protective customs duty on imported brushes, but practically none on "hair pencils." This technical point is being used by the Japanese to get their brushes into this country at the low duty rate. And wages in Japan are so low that there's no competing with it says the company.

THE CROWS

Lines inspired by this month's cover of NATION'S BUSINESS.
Even Poe's imagination never anticipated such an extremity.

THROUGH a decade dark and dreary,
When hard times have left us weary,
Business, though he's growing leery,
Labors grimly at his chore.
Constant, hurry, hustle, jostle,
Cost him energy colossal
As he keeps his battered snozzle
On the grindstone 'til it's sore.
He could give us what is needed,
But his efforts are defeated,
His production is depleted,
As the crows attack his store.

Though with problems he may grapple
So the world may live more happil-
Y, the crows consume the apple
And the people get the core.
Now they take the bud and berry;
Next they'll want the root, and very
Soon we'll have a barren prairie
With a wolf at every door.
Business still is up and doing,
Let us all, our faith renewing,
Help ourselves and him by shooing
Off the crows forevermore.

—PAUL MCCREA



THERE SHOULD BE NO TWO WAYS ABOUT IT

Men in the shop and men in the office have a right to expect the same degree of comfort and sanitation in matters affecting personal health and self-respect. And drinking water is a very personal habit.

There will be no TWO WAYS about it when you install AJAX or AERO sanitary paper drinking cups in the plant as well as in the office. They'll pay—in better health and better *esprit de corps.*

Any type of drinking fountain can easily be equipped so that cups can be used.







SPECIAL OFFER

Send $1 for handsome metal wall cabinet and a complete filling of cups, shipped prepaid anywhere in the United States. State whether AJAX or AERO. Address Dept. B5, nearest Division.

AJAX AND AERO
Sanitary Paper Drinking Cups

LOGAN DRINKING CUP CO.
68 Prescott Street, Worcester, Mass.
PACIFIC COAST ENVELOPE CO.
416 Second Street, San Francisco
Divisions of United States Envelope Co.

Envelopes . Transparent Containers . Paper Cups . Drinking Straws . Note Books . Toilet Tissue . Paper Towels

A Short Cut to Air Power

—streamlined by the G.T.M.



In America's great airplane plants production is being speeded up today by a revolutionary use of rubber developed with close cooperation from the G. T. M.—Goodyear Technical Man. Streamlined parts—wing and fuselage sheathing, cowling, motor housings, even ribs—are being shaped from sheet metal by an enormous rubber pad weighing more than 3,000 pounds set in the head of a giant 5,000-ton press. As the press descends, the rubber—compounded to exceptional toughness by a special process—*forces the metal to conform exactly to the die without burr or blemish. This new metal-forming process eliminates half the machined steel dies heretofore necessary, cuts tooling-up costs more than 50%. And it saves time because rubber's conformability makes it possible to shape out as many as 25 to 30 different parts at one pressing, in contrast to only one by former methods. Let the G.T.M. help you in working out your new ideas*—with rubber correctly applied! *To consult him, write Goodyear, Akron, Ohio, or Los Angeles, California—or phone the nearest Goodyear Mechanical Rubber Goods Distributor.*

THE GREATEST NAME IN RUBBER

GOODYEAR

A Victim of Circumstantial Evidence

SOME DAY we shall discover that our inability to regain the business activity we once enjoyed is due to a colossal mistake, that the nation has suffered a cruel hoax, that our national policy has been based upon a premise of fiction.

Most of the legislation "making America over," most of our fiscal madness, most of the mental depression which has deadened the spirit of enterprise, has come from the hourly chant, "10, 12, 13 millions of men and women thrown out of work by an out-moded economic system, walking the streets, eagerly looking for jobs."

We may discover that, if we had applied in the lush years of '28 and '29 the definition we now apply to unemployment, there would have been in those years "10,000,000 unemployed." But around 8,000,000 would have been then, as now, a sociological and not an economic problem. We have failed to recognize social and political theories wearing the false faces of economics.

The stumbling block has been one of definition. How do *you* describe unemployment?

Of the 125,000,000 persons in the United States, 45,000,000 are in gainful employment. Then, according to strict definition, 80,000,000 are unemployed. But that figure is absurd. Even statisticians, politicians and social "scientists" would not agree to that. They would not accept figures which include babes in arms or invalids in wheel chairs. The business man draws a still sharper bead. He distinguishes between employables and unemployables. In defining unemployment, he goes further than the sociologist and excepts those physically or mentally incapacitated, those untrained, flighty, transient, members of the Hoboes' Union pledged never to do a day's work, housewives who express a longing to earn a little pin money—in other words, those unable to produce a commodity or service at the cost his customers can pay. He does not contend such "unemployables" should not have relief. His position is that, if they become a direct charge upon the production and distribution machinery, it will stall and the employables suffer.

This failure to distinguish between the economic and social problem has sired many evils. Relief moneys have been allotted on the basis of men able and willing to produce, rather than upon a basis of subsistence. At the same time, wages and hours restrictions have denied jobs to those who could and would make a part contribution to production.

But there is a greater and more lasting evil: Our legislative program has been designed almost entirely for the purpose—often stated in the enacting clause—of curing the nightmarish unemployment situation.

Fifty pieces of important legislation, changing our economic system on the ground that it has failed, have been implemented because of "10,000,000 out of work." There is the N.R.A., the P.W.A., the A.A.A., devaluation, the Labor Relations Act, Wages and Hours, 40-odd federal lending agencies, the Securities and Exchange Act, both C.C.C.'s, Social Security, and a score of others. Even today there are attempts to limit the introduction of machinery, to establish a compulsory work week, to fix prices and profits, to start a two-price system to favor those out of work, to set up consumer cooperatives, all to relieve unemployment. And this "unemployment" may prove, upon examination, not to be the kind of unemployment we think it is.

We may find that what we have done is to increase the amount of charity by ten-fold, and to switch from private and county relief, that is vigilant and economical, to federal relief, which is traditionally big-hearted.

There is no hope from political quarters. The party in power cannot explore employment figures; its program depends upon them for continuation of its emergency measures and new legislation. Nor can the party out of power be realistic: its strategy to get in is to attack an Administration for not cutting down unemployment as promised.

So a great system of free enterprise, in spite of its amazing record of 150 years, finds itself in danger of losing its job to political control, largely because of an unrealistic, perhaps unwitting, definition of unemployment.

Merle Thorpe

HARD AT WORK AND SAVING MONEY



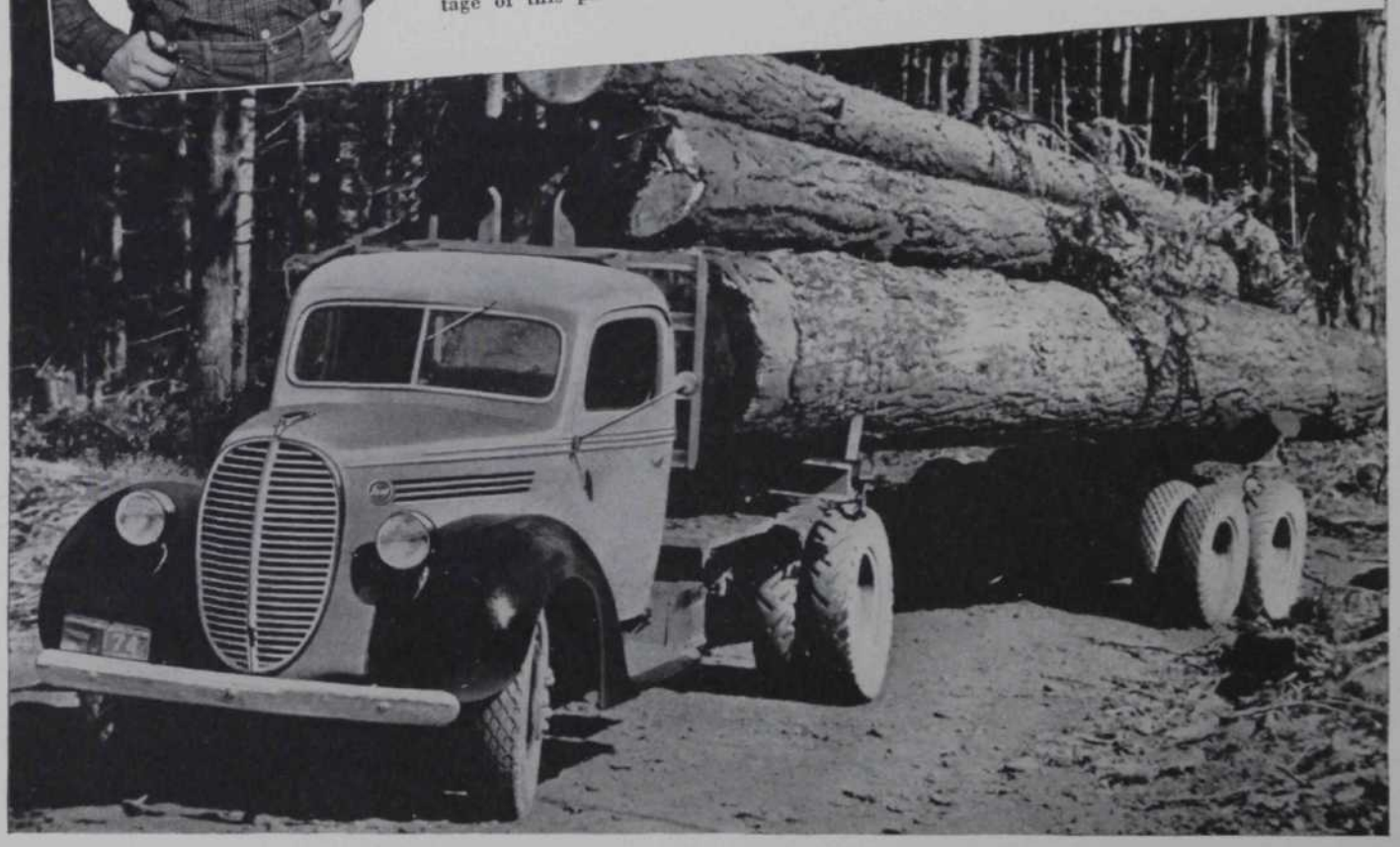
FORD MOTOR COMPANY
Seattle, Washington

Gentlemen: Hauling the big logs out here in the Northwest is rough and tough on a truck. We haul an average of 4000 feet each trip — and believe me, these trucks are loaded.

We like the Ford V-8s and the way they stand up. They're dependable and ready to do the job every day in the year. That means everything to us, because we make money only when the logs are delivered. And we like the Ford Truck's low operating cost. Any time the Ford Truck does need repairs, which are covered by the Ford Engine and Parts Exchange Plan, we take advantage of this plan and the unit is back on the job in no time. We've used other makes in the past, and paid a lot more for them, but the Ford V-8 has them all beat for low gasoline and oil consumption. Yet the Ford does the same amount of work, and does it quicker.

Our present Ford V-8s are 1939 models that have traveled approximately 15,000 miles each, and have hauled approximately 12,000,000 feet of timber — or enough to build 2000 four and five room houses—in three months. I guess you can see why I say we're pleased with the Ford V-8s.

McKAY LOGGING COMPANY, Shelton, Wash.
Very truly yours, Don H McKay



MR. MCKAY'S letter is typical of the many letters received from Ford V-8 operators everywhere. Today you are offered the broadest line in Ford history. Six wheelbases, forty-two body and chassis types, your choice of three V-type, eight-cylinder engines — 95, 85 and 60 hp — and special equipment, including optional tires and transmissions and factory-installed two-speed rear axle.

See the Ford Truck go to work on your job. Ask your Ford dealer to arrange an actual "on-the-job" test for you. Use your own driver and your own loads over your own routes. Then compare the Ford Truck feature by feature with any other truck at any price. See what real value you get at the low Ford price. Find out the difference before you spend another truck dollar.

FORD MOTOR COMPANY • BUILDERS OF FORD V-8 AND MERCURY CARS, FORD TRUCKS, COMMERCIAL CARS, STATION WAGONS AND TRANSIT BUSES

Ford

It pays to use

FORD V·8 TRUCKS



Uncle eyes the war, fears explosion on economic front

Economic Strategy of the War

By B. H. McCORMACK

ALL belligerents are striving mightily to ruin each other's trade. The United States is already caught in this economic mess and will have difficulty in crawling out

THAT EUROPEAN war may look like a "dud" or a "phony" to an observer posted on the Maginot Line, or the Westwall—or even in between. It might be difficult to get naval experts very excited about the sea battles before the invasion of Norway.

As for the air, well, ask the aviation forecasters who had talked in terms of thousands of planes all fighting at once.

But on the economic front—that's different!

A few days before Sept. 3, when Britain and France took the step which put them at war with Germany, the British Government asked all its citizens to register their holdings of American and certain other foreign securities. That was the first of a long list of regulations that have been adopted—and will continue to be adopted—on the Allied economic front.

Those orders which have been issued as fast as a budding bureaucracy can get them out have all been designed to further the Allies' economic warfare. That economic warfare has five basic principles in mind:

1. Knitting together as closely as possible the economic life of the British Empire and France, with a view to making the most out of the resources of these countries in preparation for a long war.

2. Obtaining quickly from neutral countries such necessary things as airplanes, copper, cotton, some industrial machinery and steel and iron products.

3. Choking off, with utmost speed, Germany's imports from all directions; at the same time efforts were made to dissuade neutrals from buying German products.

4. Moving to conserve—with all the caution of a Scotch banker—all British-French assets convertible into United States dollars, Argentine pesos and other foreign currencies that might be needed for future purchases.

5. Developing within the British Empire and France a program to produce just as much necessary goods and commodities as possible.

The Allies, in other words, have thrown the full weight of their vast economic resources into the war against Germany. If these resources were the only weapons with which wars are won, the end of the present conflict could be simply forecast. But that is not true.

Allied purchasing power

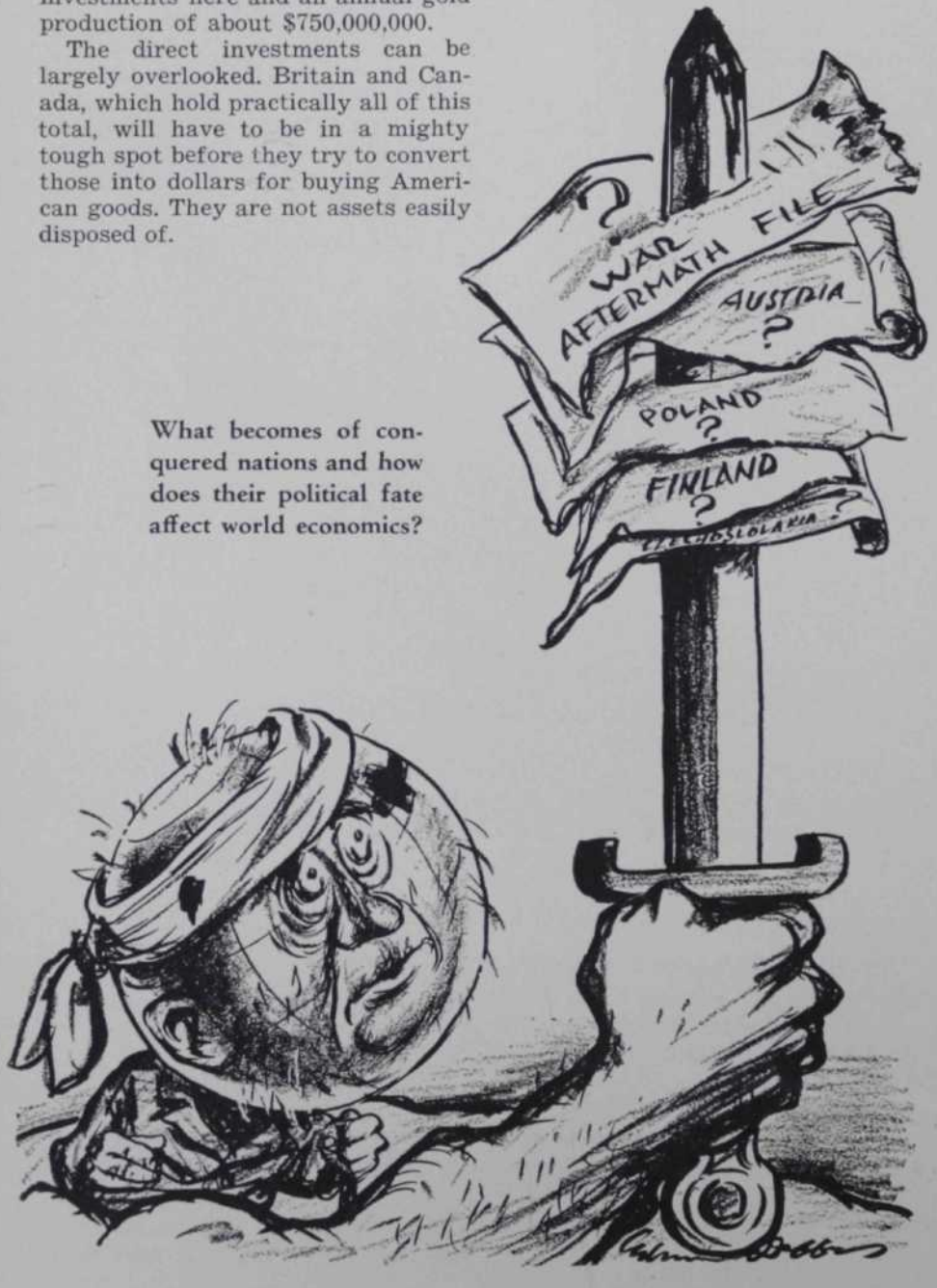
ACCORDING to the best estimates available—those made by the Federal Reserve Board—Britain and France and the countries under their control had, at the beginning of the war, just under $8,500,000,000 of gold, dollar balances (deposits in the United States) and readily marketable American securities. Of this total, $5,755,000,000 was gold; $1,265,000,000 was dollar balances and $1,420,000,000 was American securities. In addition, the Allies had available $1,540,000,000 of direct or other investments here and an annual gold production of about $750,000,000.

The direct investments can be largely overlooked. Britain and Canada, which hold practically all of this total, will have to be in a mighty tough spot before they try to convert those into dollars for buying American goods. They are not assets easily disposed of.

But aside from this, the Allies have —or had, at the beginning of the war —an estimated $8,500,000,000, previously mentioned which they could trade for goods from the United States—or from other neutrals. In addition, their $750,000,000 annual gold output is a most important consideration. In contrast to this, Germany was estimated to have $160,000,000 of gold reserves, $10,000,000 of dollar balances, very small amounts of American securities and direct investments—and no gold production.

That is the picture of the two sides in terms of what they were in a position to buy from other countries "cash on the barrel head," in addition to what they are able to trade or to obtain on credit.

Since the United States' neutrality law hangs out a sign reading "Pay As You Go," that cash angle must not be overlooked.



What becomes of conquered nations and how does their political fate affect world economics?

So much for purchases from other countries. How about home production? That's a hard one to figure because there are no accurate statistics on just how much one country produces, as against another. The nearest thing to a guide are the national income figures. These show that in a year such as 1937, which was more nearly "normal" than most recent ones, Britain, Canada and Australia produced about as much as the old Germany. These three, together with France, would have a combined output about 35 per cent greater than the old Germany. Estimates indicate that, even including Austria, Czechoslovakia and Poland with Germany, the Allies would have at least a ten per cent margin.

There's no denying that these figures are rough. They should be considered as such. But they do give a broad picture, despite the fact that they do not allow for such things as price differentials. They don't take into consideration, either, that Germany was undoubtedly working much nearer her potential capacity, even then, than were the other countries.

Here's another interesting point: In that same year, judged by the same rough yardstick, the United States produced just a little more than Britain, France, Canada, Australia and Germany combined. The Allies, of course, have access to that production—which is far from potential capacity. Germany has not.

Sympathetic to Allies

THIS brings us around to another question. In what ways and by how much is the United States contributing to the Allied cause?

American business men and the Administration at Washington agree that we ought to stay out of the European war. They agree, too, that eventually this war will affect us adversely. But there is no doubt as to where the sympathy of the American public lies. There is no doubt, either, as to where our indirect aid is going.

If you think there is, pay a visit some day to 15 Broad St., New York City. There, in one of Wall Street's skyscrapers, are located the British and French purchasing commissions. There are the gentlemen who are carefully selecting American goods and commodities to go into the economic war against Germany. Between July of last year and January of this these two countries jumped their purchases here 100 per cent. If their orders already placed—and planned—for planes alone are considered, it's possible to see how their buying may be doubled again.

(Continued on page 100)

Aviation Looks Toward Peace

By T. N. SANDIFER

SOME airplane manufacturers have expanded facilities as much as 50 per cent. But they haven't forgotten past experience and are planning future stability



Men in the drafting rooms have done more than their share in helping the industry step up its production

ONE OF the most important instruments to the pilot of a modern commercial airplane is a device which shows him his plane's line of flight in relation to the horizon—if it is nosing downward, climbing, or flying on an even keel and in level line above the earth.

Today the aviation manufacturer has figuratively borrowed this instrument and while, to the onlooker, he appears to be flying high, wide and handsome, he is, along with the pilot, watching the horizon. Hard experience dictates this watchfulness.

Approximately a year has elapsed since this industry was suddenly pushed into soaring flight by simultaneous unprecedented peace time orders from its air services, war demands from abroad, and expanding requirements from the domestic commercial and export markets. In this period, the backlog of aviation orders rose from an initial $125,000,000 to the most recently reported figure of $625,000,000. In addition, by the time this appears, British and French purchasing missions may have placed orders that would total at least $1,000,000,000.

The Secretary of the Treasury reports that aviation as a whole is showing the largest industrial expansion that has occurred in years. Certain plants are reported to have expanded their facilities as much as 50 per cent. The aviation industry, because of steadily mounting employment, has stimulated demand for raw materials, and the fact that some 50 industries contribute to the making of the average airplane is viewed in Washington as one of its strongest economic props.

Despite these outward earmarks of a boom, aviation manufacturers have, in this period, behaved in a very unboom-like manner. They have shown a consistent disposition to apply some bitter lessons of the past to the problems confronting them and the Government.

Wild building plans modified

THE CURRENT airplane procurement program for the American Army and Navy is a tremendous undertaking. It is now in midcourse. That it is developed along rational lines reflects the calming influence of some of the best brains in the aviation industry during the critical stage of this aerial rearmament.

In that initial period, indications were that the program would evolve about like this:

America would add an aerial army of 10,000 pursuit planes to her defenses in a year; they would be built in a series of government factories to be erected right away, far inland where no hostile bombers could get at them in a sudden raid from overseas; the mechanics would be drawn from W.P.A., the C.C.C., or a multitude of other sources, including schools. Presumably the private plants would have their hands full, also.

Such proposals had sane aviation manufacturers worried. They feared that private plants would be obliged to go through another period of mushroom expansion for perhaps a year, or less, after which they would become idle sheds.

In secret conferences with Army, Navy and other government representatives the whole project was brought down to earth. The plan finally adopted is geared to production facilities and strategic needs.

Today plants have gradually stepped up production, taking in their stride,



not only the welcome orders from their own government's services, but the sudden rush from abroad.

They have developed a progressive plan of labor recruitment, taking likely new workers into a sort of plant training school and graduating them to actual production in the shops when ready. They have, in addition, recalled to work many skilled workers and technical men who had been idling as a result of earlier slumps. Early this year shop labor in the airplane and aircraft engine factories had increased from 30,000 to 60,000 workers.

Better production systems

MEANWHILE, quantity orders from foreign buyers have enabled airplane and allied aviation manufacturers to achieve a form of straight-line production not possible before.

During this build-up era, aviation manufacture has felt its way along. The explanation again is experience. Since war days, the Army and Navy have been the mainstays of the private aviation manufacturer in this country, not only as purchasers, but as collaborators in technical progress.

Yet, to date, no single post-war production and procurement program launched by successive government boards has been carried to completion. An industry that has started forth confidently, on occasion, to tool up and spread itself to meet such passing requirements has found itself more than once gulping for life like a stranded fish.

This year will be the greatest productive period in the industry's history. Yet, even today, many of the largest plants are short even of their normal production limits, and some are barely turning the wheels over. The expansion of plants which has occurred so far has been to handle foreign orders and largely financed abroad.

On this basis, in the event of a letdown, additional facilities can be walled off, so to speak, in reserve against another upswing. American aviation would be at a tremendous advantage, from a production and technical standpoint, in post-war competition.

One of the fundamental needs of America's aviation industry is a steady, continuing demand from government air services, a healthy domestic commercial demand, and a fair share of the export market. Here is that horizon on

About 2,000,000 passengers were carried in 1938. Air lines expect to carry 4,000,000 by 1942. Pictures show airport control room and check on plane

which the industry's eyes are fixed.

With these general objectives in view, the industry is working closely with government agencies. The industry discovered rather abruptly some time ago that it was to have much closer relations with the Secretary of the Treasury than in the past because that official was made the head of a coordinating group that nominally included certain key officials of the armed services.

This development excited considerable uneasiness until it was explained that the Secretary was merely there to insure that planes needed for American export sales or for domestic commerce came ahead of foreign war orders, and to see that no developments vital to this country's own defense were prematurely sold abroad.

Helping through the bottlenecks

HE instigated a few informal gatherings at Washington between aviation production experts and key men in related industries to smooth over some rough spots he thought he detected in output. It was indicated also, that aviation production was to safeguard itself against the possibility that foreign demands would jam its facilities, straitjacketing plants at a time when new markets would require versatility and flexibility of operations and output.

Once again an atmosphere of fantasy was creeping up. It was not known what the new orders from warring nations would amount to; quantities up to 10,000 planes were frequently mentioned. Some uneasiness about the effect on the American program became manifest around Washington.



LOHR

Some 3,700 student flyers have attained solo stage of flying as result of private pilot training courses instituted under C.A.A. It is estimated there will be at least 96,000 civilian pilots in two more years



GLENN F. MARTIN

The Secretary of Treasury's new activity apparently was no surprise to the British and French purchasing missions. They promptly funnelled their projected billion-dollar procurement schedules through his coordinators before announcing them. Earlier European war orders had been placed for about 4,752 planes. Of these, some 1,574 had been delivered. These orders had been placed with a selected group of manufacturers, however, so that a number of well equipped factories still had no large orders.

Orders from the American services had been apportioned to some 23 out of 45 airplane plants, and nine out of 13 aircraft engine factories. Provision was made for allocating subcontracts to those factories able to handle additional business. This practice, it is indicated, may be further extended as new orders are placed.

The industry's ability to handle almost any demands is assured by Frank Russell, president of the Manufacturers Aircraft Association, who stated:

> The only limitation, provided satisfactory material and labor conditions are continued, will be the ability of subcontractors to make deliveries.

Further assurance of this ability

(Continued on page 88)

Saving



Looking north from Spring St. about 1890. Cable cars in use and "tall" buildings being constructed

ECONOMICALLY speaking, our big cities are rotting at the core. New York, Chicago, Philadelphia, Boston, St. Louis and others show unmistakable signs of advanced decay in those central sections which 35, 50, or 75 years ago were the hubs of much of their activity. The biggest show several such districts varying in area and stage of dilapidation but identical in the sense that each represents investment and value losses of millions of dollars, tax losses to the municipal government of millions more and a day by day burdening of normal business operations with increased costs.

Say "slum" to the average American and he gets a picture of narrow, crowded streets, teeming tenements; poverty, dirt and smells. But there are business and industrial slums as well as residential slums—usually pretty close neighbors.

Because business and industrial slums do not offend our social and physical senses, most of us have been unaware of them or have found it easy to ignore their existence. If there had been no blue decade since 1929, we would probably go right on ignoring them—for a long time anyway. But the depression-induced collapse of real estate values and investments together with price structures, interest rates, profits and municipal revenues has so high-lighted the problem, that the business slum cannot be ignored much longer.

Ignoring was easy before 1929. New business sections were started almost before the plaster was dry on the old. New residential sections came along even faster. It mattered little to the



At the turn of the century this area was the mercantile hub of the entire country

[1]For additional information write for pamphlet, "Improvement of Housing in Cities" to U. S. Chamber of Commerce, 1615 H Street, N. W., Washington, D. C.

Our Blighted Downtown Areas

By H. M. PROPPER

VACANCIES, tax delinquencies, and depreciated property values in downtown areas put an added burden on all taxpayers. Almost every city has one of these decaying business sections that represents a problem for the entire community. The New York State Legislature has at the suggestion of the New York Merchants Association passed an Urban Redevelopment Corporations Law as an aid to rehabilitation of downtown areas. The author of this article stresses the need for a practical reconstruction plan. It deserves the consideration of all civic groups concerned with a balanced rebuilding of their city



Once the center of the needle trades, these buildings with stone facings and marble entrances now are a drag on city's commerce



Plenty of space today in streets that were once inadequate

mortgage-lending institutions and private investors if some of the old mortgages which they had held for years suffered an increasing mortality. Interest rates were high, bonuses were offered freely, the town was booming. Municipal governments not only were unconcerned about what was happening to their older districts but actually promoted the syphoning off of business and population into newer sections. The municipal government's formula was simple: assessments were maintained on the old sections as long as possible; the assessments for the value of the new were added, resulting in substantially increased tax rolls which meant increased municipal borrowing power and increased tax revenues.

These additional municipal funds were put into more and bigger sewers and water mains, more streets, more rapid transit into newer sections so that more activity and population could be syphoned off to start the cycle all over again.

So we find the typical American city showing a growth pattern much like that of a tree—except for one all-important difference. Each year the tree adds a growth ring to its circumference increasing by that much the tough, live center of heart wood.

Our cities, too, have grown on the periphery but usually at the expense of the core, leaving centers of decay and

dilapidation. Here and there a central section has maintained itself in the face of the blight all about like New York's Wall Street or Chicago's "Loop." But these instances are isolated and can be explained by special conditions. In any event they are few and do not alter the characteristic pattern.

Business grows away

IT is difficult to delimit these central blighted areas exactly. Boundaries are fuzzy with considerable spilling over into sounder industrial, business or even residential sections. New York has one such area, however, that is fairly compact and so nearly uniform in the evidences of decay which it presents that it may serve for a type study.

This section extends along Broadway roughly from Canal Street to Fourteenth Street, and for two blocks on either side to Lafayette Street on the east and in the other direction to West Broadway. At the turn of the century it was the mercantile hub, not only of New York and the East, but of the entire country. It saw the full flowering of the great dry goods jobbing houses like Claflin, Charles Broadway Rouss and Butler Brothers.

The march northward of the big department stores was just beginning but Macy's was still at Fourteenth Street and Sixth Avenue and of course John Wanamaker had the old A. T. Stewart store at Ninth Street and Broadway. Almost directly opposite was the John Daniel store. Of these, only the Wanamaker store continues at the old stand, much altered, modernized and added to. There were still some hotels in the area, too, which were in great favor with visiting merchants although the more fashionable hostelries already were forming a new center of their own to the north between 23rd and 34th Streets.

Predominantly, the district was the great center of the dry goods, men's and women's clothing, millinery and similar trades—the so-called needle trades. On the side streets and along West Broadway, Mercer, Greene, Crosby and Lafayette Streets, which parallel Broadway on either side, were the manufacturing establishments and the smaller jobbers and wholesalers as well as those who supplied them with materials, accessories and equipment.

The Broadway buildings were mostly six, seven and eight stories with stone facings, marbled entrances and elevators. Only here and there a three or four story red brick structure survived, forced into trade after a genteel residential career. The side streets and the streets paralleling Broadway had a larger proportion of homes made over for business use although here, too, many had been elbowed out by loft buildings.

Structurally the district stands today much as it did 40 or 50 years ago. There has been virtually no new building. The crowding horse-drawn trucks are gone. Streets which were painfully inadequate in the 1890's and early 1900's provide ample space today for the thin stream of motor trucks which serves the business that remains.

Obsolescence is a familiar if not essential attribute of our material progress, but old buildings and entire sections of our great cities cannot be sold for junk or towed out to sea and dumped. The city must face its obsolete districts as long as they continue to exist. Police and fire protection, sanitary and other municipal services must be made available to what business population remains, regardless of tax revenues or their absence. That is one item of direct cost to the community. Many others are less direct, but just as substantial. Each day also these blighted areas must be traversed by traffic heading for other parts of the city. Thus they are a continual drag on the daily functioning of much of the city's population and a good part of its commerce.



NESMITH

Small brick structures survive that were forced into mercantile use after genteel residential careers many years ago

Valuation has decreased

THOSE institutions and individuals who have had a direct stake in this section either as owners of its real estate or as mortgage lenders have no problem computing their losses, actual or impending. With such comparative records as are available, James Felt has just completed a study of assessed valuations and market values for this 72 block area covering the 50 year period from 1889 to 1939. Figures on market value could be carried back only to 1914 since, before that year, there was no way of arriving at the prices actually paid because the vast majority of deeds mentioned only a nominal consideration. From 1914 on, the New York State stamp tax on deeds transferring the ownership of real estate shows the actual consideration or sales price involved in the sale.

Mr. Felt's assessment figures trace the district's history. In 1889, its 72 blocks together with all the buildings were valued for tax purposes at $68,378,900. Ten years later, the assessed valuation had almost doubled and another ten years—1909—saw the peak in assessed values. The total reached $158,889,600. Five years later, the district's tax rolls dropped $20,000,000 and, by 1919, the assessed values had shrunk more than $50,000,000.

The 1920's supplied a powerful but short lived stimulant, not to land values, but to the aging buildings. In the face of peak costs for new construction and an actual shortage of space, assessed values staged a substantial recovery. That spree ended and, in the

(Continued on page 92)



Responsibility is divided five ways. The system works until there is a job to do

Our Permanent Conservation Corps

By JAMES HOWARD HULL

AN OFFICER formerly attached to the C.C.C. gives a view of the camp which Sunday visitors don't see and explains why it costs more than it's worth

DURING my three years as a C.C.C. foreman—1933 to 1936—I saw the C.C.C. However, I have never yet succeeded in convincing anybody that I was there, too, and whenever I start to explain that I do not believe the C.C.C. ought to be made permanent, I am usually interrupted before I begin to explain why I think as I do about it.

The arguments against me are always as follows:

Say, listen. I've seen these camps myself. My wife and I drove up one Sunday and talked with the captain and looked everything over. It's a swell job the boys are doing. Forestry; it's the coming thing. Too bad nobody ever thought of forestry before. They did? Oh, yes, I suppose they fiddled around with it some, but they didn't do anything about it, not really. Look at the roads the boys are building. Look at the trees they plant. And all the bug control work and everything. And think of the money that gets sent home to the families that need it. And consider the educational advantages of the C.C.C. It keeps the boys off the street, and it teaches 'em how to work; makes good citizens. Two years of it is a good education. You can't tell me! The C.C.C. ought to be made permanent.

It probably will be!

The arguments for making the C.C.C. permanent are four:

1. It keeps the boys off the street, relieves unemployment, and provides funds for needy families.
2. It functions as a federal institution of learning.
3. It serves as an agency for purposes of forestry and recreational development.
4. It does something else.

If industrial depression is here to stay, it might or it might not be wise to set up permanent unemployment relief organizations for everybody. But who says industrial depression is here to stay? It is not! And because it is not, the necessity for keeping the boys off the street and helping needy families is not here to stay either.

In the beginning, the depression was said to make the camps necessary. But, in 1937, it was decided to continue them

until June, 1940, for reasons in no way connected with the depression, which was at that time mistakenly believed to be at an end. One of these reasons was education.

A program of reports

NOW the educational program in the C.C.C. camps has long since passed the initial stages of complete failure—a sincere effort unrewarded by visible results. Each camp has an educational adviser, a commanding officer, one lieutenant, a camp superintendent, and as many forestry foremen as are needed—usually about one for every 20 enrollees. Each of these men conducts a class in something at least once a week.

The educational adviser, directly responsible to the commanding officer, also gets his orders from the Bureau of Education. His function is to coordinate the educational work, as well as to do some of the teaching. One thing that impressed me is that nothing accomplished is ever left unreported by the educational adviser. And many things honestly attempted get reported as having been successfully accomplished whether they were or not. The Bureau of Education is not too much concerned with actual, concrete results. What really happens means little. Reports are the thing—bigger and better reports.

So now when I read in the papers elaborate accounts of the splendid educational program of the C.C.C., I always divide by ten, and murmur a smiling prayer for many friends of mine who are still on the job, doing their honest best to teach and do some good by it. They are ten per cent successful. They are sincere, and they are capable. What they try to do gets reported.

The reason for failure is simple. A very small percentage of the C.C.C. boys are inspired by the same thirst for knowledge which committed Ben Franklin in his early youth to the drastic schedule of laboring days and studying nights.

I am not saying that there are no intellectuals among the enrollees in C.C.C. camps. I have known them and admired them. But their number is small. Intellectuals are rather rare among humans anyway. That fact alone prevents the C.C.C. educational program from being what so many of us have tried to make it. We had assumed that every American youth could and would do what Ben Franklin did if he only had the opportunities Ben had. So we have given them opportunities to study nights; opportunities of the same sort that practically all people have anyway, to take or to leave, wherever they work.

It is true that trade schools might be run in every camp, but the fact remains that there are no trade schools in the C.C.C. The labor unions have prevented the learning of trades. Our failure to inject knowledge of a general, cultural nature into persons who do not especially want it is not surprising. It is not even discouraging. It is almost funny.



The underlying spirit of the C.C.C. insists that the Government take care of the people as if they were babies

Expensive forestry

BUT there is nothing funny about the extravagant claims that are made for the C.C.C. educational program. If it can be made to appear that the educational program alone justifies the camps, then education will become an argument in favor of making the camps permanent. Forestry will be another.

The forestry work the C.C.C. is doing costs much more than the same work would cost if performed by the federal and state set-ups which were formerly organized to handle it. In the camps, the working day is six hours instead of eight. The camps are stationary, and projects more than a three-quarter-hour drive from camp are not approved. No side camps or temporary shifting of men are permitted, except in National Forests in the West.

Enrollees are not selected on the basis of skill, experience or efficiency, and they are permitted to stay only two years even if they become highly useful and efficient. Building up a highly efficient working force has been forbidden, and foresters who think in terms of efficiency are rated as enemies of the movement.

The particular type of organization we call a C.C.C. is, after all, a mere form of organization. If it is to be considered a means to an end, and no longer an end in itself, every distinguishing feature that makes it a C.C.C. will have to be abandoned.

Considered as an organization, the

(Continued on page 98)

Leaders in the March of Business



HERBERT REDMAN

James T. Pardee (left), W. J. Austin



ACME

H. A. Baker (right)



ACME

Donald Douglas with father



PAN PACIFIC PRESS

Clarence Francis



L. Clifford Goad

JAMES T. PARDEE, co-founder and chairman of the Dow Chemical Company and W. J. Austin, president of the Austin Company, Cleveland builders, given honorary degrees by Case School of Applied Science. Mr. Austin was honored for "his company's distinctive contribution in breaking away from routine forms of construction and in the creation of new forms completely utilitarian. . . . Mr. Austin has given industry a new form of service." Mr. Pardee was honored "as a pioneer in the creation of a great industry and in guiding its fiscal operations with high integrity." About the same time it was announced the Dow Chemical had purchased a new, 800-acre site at Freeport, Texas, for the utilization of sea water as a raw source for magnesium. The company now produces more than 400 chemical products.

H. A. Baker announced that his company, the American Can Co., would spend $17,500,000 on capital improvements in the present year. Also that his firm was developing a black plate container not coated with tin and another that would be coated with aluminum spray.

Donald W. Douglas, president Douglas Aircraft Corp., who announced that in the face of the greatest war-time boom known to aviation, his company is able to report approximately $19,000,000 in commercial orders for airline deliveries. Foreign military aircraft orders in 1939 were $3,916,139. In March his company was employing 15,500 persons—midsummer figure is expected to be 17,000.

Clarence Francis, president of General Foods Corp., announced that his company's employment had doubled in the last 10 years. More than 11,000 now on the company's pay rolls. In the same period, number of stockholders has increased from 17,727 to 65,620. Company has invested almost $35,000,000 in plant construction during this period.

L. Clifford Goad, president of the AC Spark Plug division of General Motors, is superintending construction of a new four-acre plant in Flint, Michigan, adjacent to the company's other factories which make 29 different automotive products. New building marks seventh major plant built under Mr. Goad's management since he joined General Motors 17 years ago.

Business Asks the Public How It

By DICKSON HARTWELL

IN A large eastern city one recent Friday afternoon, a young advertising executive sat checking over plans for two advertising campaigns. Everything was ready to submit to the advertising committee the first thing Monday morning for final selection and approval. But that would be a formality. The committee was known to be ready to vote a $50,000 expenditure for the campaign which based its appeal on economy, and to discard the second campaign based on style.

The advertising man wasn't so keen about this. He was convinced that women wouldn't buy that product to economize. He favored the style campaign but he knew that, without proof, he could not persuade the committee. Proof would be hard to get in any case



LOHR

Interviewers must note pertinent comment from individuals that modify yes or no answers



NESMITH

In some cases interviews with as few as one thousand people will show nation-wide opinion



The farmer's wife must be included in a survey for her opinion differs from others, including the farmer

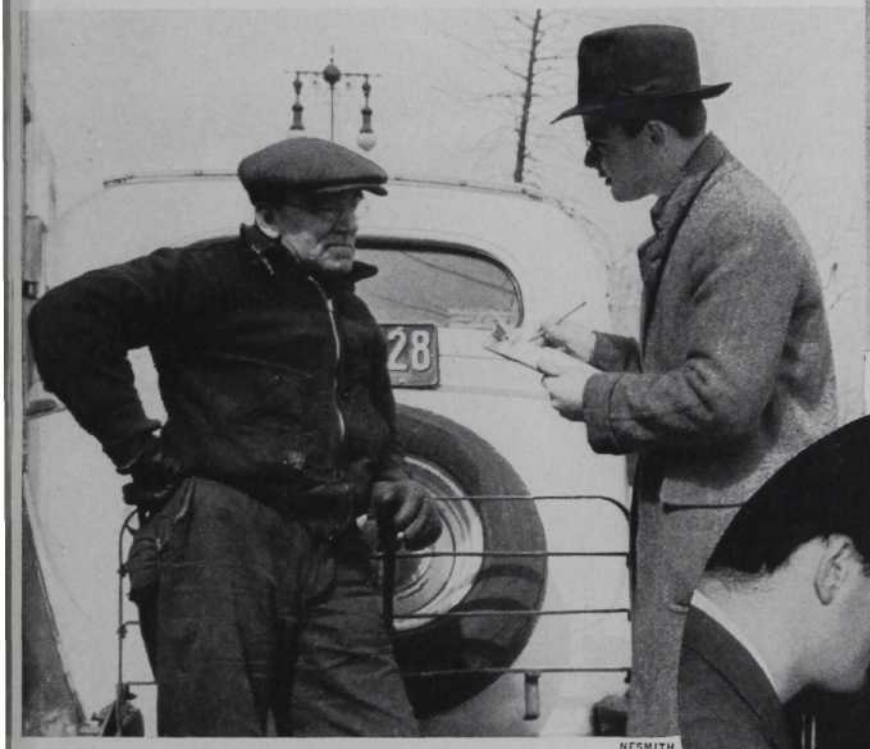
May Serve Best

BUSINESS needs to know public opinion no less than the politician and through scientific surveys is finding out



NESMITH

"Man on the street" interviews must be adjusted to give a random cross-section



NESMITH

The taxidriver hears everybody's opinions and also has some of his own



EWING GALLOWAY

Some parts of the population are hard to interview

and to get it by Monday morning seemed impossible. But $50,000 is a lot of money. He decided to try.

He telephoned the research director of a New York firm. A half hour later the research man was on the street checking a questionnaire by stopping people, asking test questions and noting their reactions. A couple of hours later a mimeograph machine was running off the final question forms, which were mailed to 50 interviewers in a selected area.

All day Saturday the interviewers pushed doorbells, asked questions and noted the replies. By six o'clock, 1,000 filled-in questionnaires were on their way to New York by special messenger. At midnight the research director's tabulating department was set in motion. At nine o'clock Monday morning, the advertising executive had a neatly typed, ten-page report which told him that an economy appeal would waste his $50,000 appropriation. But it told him more than that. It defined the most potent appeal for the product; it described the income groups which were most interested; the magazines and newspapers they read; the radio programs they enjoyed. With the report under his arm, the advertising man walked into the committee meeting at 9:30 ready to save his company a large sum of money.

Throughout the United States more than 50,000 questions a week are asked in an effort to find out what the public thinks. Interviewers trudge from house to store to farm to office, asking people what radio programs they listen to, should America stay neutral, do they like the U. S. Steel Corporation, what make automobile they own and would like to own. By means of new techniques, the opinions of a small city can sometimes be accurately measured by querying only a few hundred residents. Even the entire United States can be polled by interviewing no more than 1,000 typical citizens.

Business men, industrialists and politicians are turning to this new method for guidance on the state of public opinion. They have found that it provides a key to a number of "unknowns"

which have heretofore been unlocked only after costly and discouraging experimentation.

It has been said that the coming election will provide a final test of the accuracy of the technique of public opinion polls. Actually, it will not. The soundness of the technique has already been proved.

Methods of sampling

BUT forecasting presidential elections cannot be compared in all respects with ordinary, run-of-the-mill public opinion sampling. It is usually much less complicated. But, when shorn of all technical trimmings, the operation of public opinion polls, and of market research which follows, is simple, logical and understandable. Here is the theory:

People in the same relative social, economic and geographical groups often hold essentially the same opinions, where they have any opinions at all. If they disagree, the differences in opinions will be definite and readily measurable. Therefore, to find out what all the people think, it is only necessary to find out what a *representative sample* of that public thinks.

On questions where there is general unanimity of thought you can determine the opinions of 130,000,000 people by interviewing as few as 1,000, with 99.7 chances out of 100 of being accurate within four per cent. Under the same circumstances, by increasing the number of persons interviewed to 2,000, the accuracy would be increased by one and a half per cent. If the sample were increased to 5,000, accuracy would be increased only one per cent more.

In using the poll technique, there are five essentials to accuracy. A survey which fails in any of them cannot give correct results. In the first place, a "random" sample must be taken. That is, the people interviewed must represent a true cross-section of the group being surveyed.

Getting a random sample is frequently a delicate process. For general purposes, the surveyor divides the public into four income classifications:

a. The upper 10%
b. The upper middle 30%
c. The lower middle 40%
d. The lower 20%

The economic classifications are not the only important ones. Geographical factors also are important. A Californian, for example, will have different views than the Easterner on many questions. Areas which have particular prejudices are likely constantly to interfere with the randomness of a sample.

Polls on the American attitude toward the events in Europe must avoid heavily biased areas, except as those areas represent the background and therefore the prejudices of the whole population.

Also, the farmer thinks differently from the city man, and the farmer's wife frequently disagrees with her husband. Among labor groups, the A.F.L. member may violently oppose the ideas of his brother in the C.I.O., and a Rotarian in Texas may not at all reflect the Rotarian's point of view in Maine.

No less important is the way the question is worded. A dishonest surveyor can get almost any result he wants merely by changing the wording of the question, by biasing his sample or by influencing the person interviewed.

Recently, an outstanding surveyor determined to find out just how much difference might result from slight

(Continued on page 106)



NESMITH

Answers to questions that are scientifically compiled give much additional information by cross checking replies



LGHR

Sometimes surveying organizations call on people repeatedly when they have been found to give clear and typical answers

NEWS FOR EXECUTIVES IN TODAY'S BURROUGHS DEVELOPMENTS

■

FOR SAVINGS BANKS

A simple, compact window-plan machine for posting passbook and ledger; priced far below any other window-plan machine ever offered.

FOR DISTRIBUTORS

A development that greatly simplifies obtaining statistics, and making settlements by routes, territories, etc.

FOR BRANCH OFFICES

A machine that produces branch office accounting records of sales, collections, etc., and provides copies for the home office in the same writing.

FOR SMALL-LOAN DEPARTMENTS

Compact machines that simplify scheduling of payments as well as posting to passbook and ledger.

FOR RETAIL STORES

A low-cost cash register that effects new economy in certifying sales tickets; better protection to customer, store and clerk.

FOR SMALL MANUFACTURERS

An accounting machine so flexible that it handles all payables, receivables, distribution, labor accounting, general ledger, and other records with equal facility.

FOR STATISTICAL DEPARTMENTS

A distribution and statistical machine with many time-saving features for obtaining statistics on sales, purchases, expenses, etc., at less cost.

• • •

The above are only a few of the many recent Burroughs developments. For news about the savings that Burroughs can help you make in your office, telephone the local Burroughs representative. Or, if you prefer, write direct to

BURROUGHS ADDING MACHINE COMPANY
6105 SECOND BLVD., DETROIT, MICHIGAN

Today's **Burroughs**

DOES THE WORK IN LESS TIME—WITH LESS EFFORT—AT LESS COST



High pressure salesmanship is mostly psychological hokum

Let's Brush the Cobwebs off Selling

By CARROLL Y. BELKNAP

MONEY is being thrown away on wrong methods, useless calls and misdirected effort. Sales per salesman have been showing a downward trend since the early '20's

SOME YEARS ago an inventor turned the windmill on its ear, built it up in the form of a mast, and produced the rotor ship. It could sail more closely into the face of the wind. It could pick up motion from a zephyr that wouldn't even flutter a sail. The Sunday supplements made much of it.

"What," a noted industrialist was asked, "do you think of the idea?"

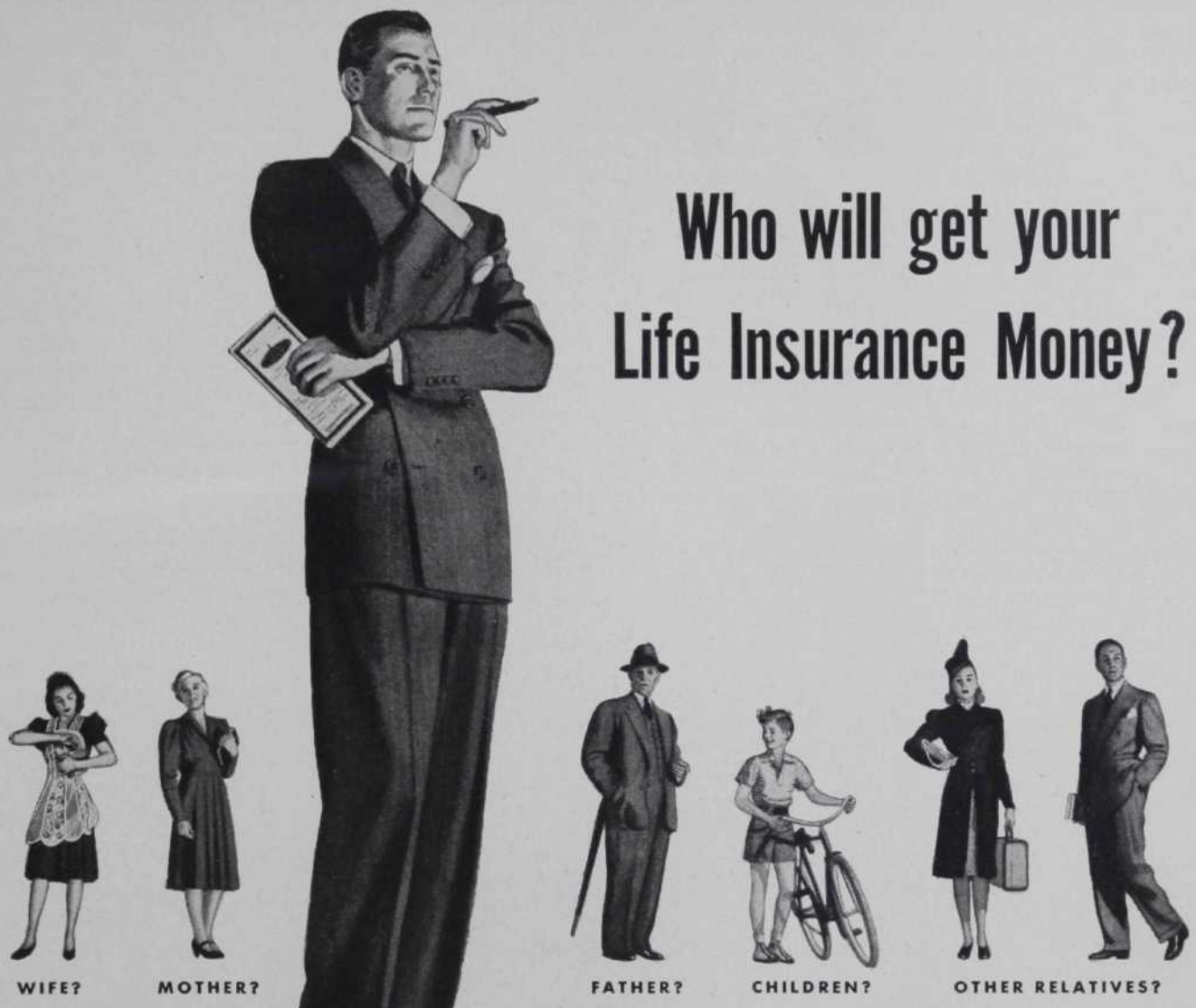
"A marvellous improvement," said he, "on an obsolete method of transportation."

A great deal of what passes for sales training in American business today is in exactly that category—an effort to improve something that isn't worth improving. At each of two extremes it is actually obstructing the natural channels of distribution. That makes high cost selling. High costs make high prices. High prices limit markets. Run that windmill long enough, and you get red ink.

Stunt selling, high pressuring, pep talks, contests, drives and the like represent one of the extremes referred to. The other is made up of psychological hokum; the ab-



Every sales manager has laughed at "stimulating literature"



Who will get your Life Insurance Money?

USUALLY, when you take out a life insurance policy, you have a definite person in mind as your beneficiary. And so this person's name is written on your application, even before your life insurance policy is issued.

▶ Of course, you know that in designating a beneficiary you can reserve the right to name a new one at any time. This may be done without the consent of your present beneficiary. However there are various conditions which may influence you in exercising this right.

▶ Let us suppose that the person you have named as beneficiary should die before you do. Who then would get your life insurance?

You may want to be prepared for just such a possibility by naming a "contingent" beneficiary, as provided in most Ordinary life insurance policies. In other words, with your wife as beneficiary, you might wish to name your children as contingent beneficiaries.

▶ It sometimes happens that both the beneficiary and the contingent beneficiary die before the policyholder. In this event, he should immediately get in touch with his agent to consider the advisability of selecting a new beneficiary.

One more thing. You should make sure that your beneficiaries know where you keep your policies, and also the name of your agent or his district manager. They should understand that the company representative, through whom you bought your life insurance, considers it his duty and privilege to assist you in securing prompt disposition of all matters in connection with your policy. Obviously, there is no charge whatever for his services in this connection.

▶ Remember, finally, that the clauses and provisions we have referred to here are not the only ones in your policy. There are many others of equal importance. That is why we urge you to read your policy carefully. Read it from beginning to end. The time it takes to do so could not be better spent.

COPYRIGHT 1940 — METROPOLITAN LIFE INSURANCE CO.

This is Number 25 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. The privileges outlined in this advertisement must, in Canada, be exercised in conformance with the laws concerning the rights of beneficiaries in the various Provinces. Copies of preceding advertisements in this series will be mailed upon request.

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker,
CHAIRMAN OF THE BOARD

Leroy A. Lincoln,
PRESIDENT

1 MADISON AVENUE, NEW YORK, N. Y.

stract study of factors having no real relation to or effect on sales—except, in too many instances, to curtail them.

A vast middle ground of simple, common sense measurement lies between these two practices. The territory is largely unexplored. Enough preliminary work has been done, however, to prove the foregoing assertions and the following conclusions:

1. Every sales force in every line of commerce or service needs continuous training in the practical methods of making sales now.

2. Every force so trained sells more goods or services than the force without training, or which is being taught how to sell windmills against the competition of cheap but dependable motors and five cent fuel oil.

Real sales training takes nothing for granted, has no shibboleths, insists on tangible gains, and then holds those gains. It makes possible longer, more accurate marketing forecasts so that production may be geared to a known and uniform demand. Every manufacturer knows what this means in buying raw material. There are other advantages. Turnover of salesmen and dealers falls as sales rise because men stick to profitable pursuits and associations.

The type of training I have in mind does not call for making the salesman "go to school." On the contrary, it nearly always reduces the amount of time salesmen are required to spend, under the windmill method, in the study of sales manuals, catalogs, advertising, and the kind of bunk so often called "stimulating literature." Every sales manager while he was on the road has laughed behind his boss' back at this sort of high pressuring. Yet nearly every salesman who becomes boss falls into the common basic error of thinking that a method said to be good ten or 20 or 40 years ago is good now—if it ever was.

Old methods are suspect

THE smart sales manager avoids that error like poison. He distrusts outworn tradition. He tests his marketing methods. He takes specific measurements.

This testing is the first step in modern, scientific sales training. The method is simple enough, though experience has shown that it can nearly always be put into operation to better effect by an outside organization. In the nature of things, men within a business, close to and responsible for its everyday routine, take many things for granted. Or else they let their judgment be colored by what they call "experience"—which is often merely another word for "prejudice." They simply will not make detached, impersonal studies of all the factors affecting sales.

Take the case of a company operating in one of the country's biggest cities. Years ago, when this company's product was first introduced into that city, it had a marked price advantage over the chief competing product. So, naturally, the appeal of "economy" was the one the company featured in its advertising and its selling. The sales force was taught to concentrate its effort on lower-income families, to whom economy was most important.

Twelve years later, the price advantage had vanished. The competing product now was the one with the lower price.

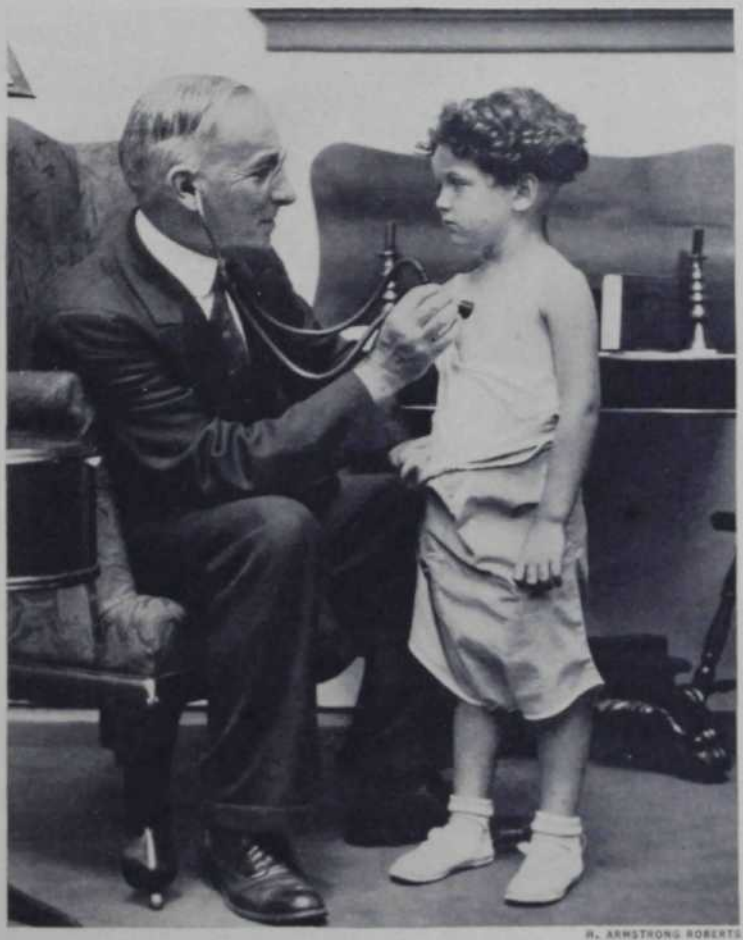
But the company's advertising and selling still revolved around the "economy" appeal. The salesmen were still spending most of their time in calls on lower-income families. Only, now, they were on the defensive—trying to prove that, in spite of its higher price, their product was the cheaper

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Salesmen were talking to butchers at the block and took small orders

The CASE for PRIVATE MEDICINE



H. ARMSTRONG ROBERTS

A REVIEW of the accomplishments of the American system of private medicine together with an interpretation of relevant developments now shaping in the field of public policy

Give the Doctors a Hand!

THIS IS THE DAY of the superficial survey, the short-cut solution, the infallible formula, the half-truth, the wisecrack rejoinder, the pat analogy, the argument *ad hominem, ad nauseam*. Any counterfeit reasoning passes as sound currency of thought if only it has some ring of humanitarian theory. In Washington and elsewhere young intellectuals speaking the dialectic of a long discredited German fanatic rebuke the "reactionary" ideas of their betters.

In this country, they will tell you, we have all the resources and the scientific knowledge necessary to abolish pain and death from the world. They need only to be used. But, according to this silly syllogism, a dark conspiracy by entrenched "interests" prevents the full employment of life-saving science.

Inevitable, then, that there should be hauled out the most ubiquitous, most infallible of all formulas in this mad decade: Let political agencies take over the distribution of the boons of medical science. With the Government's unlimited power to tax, death can be routed.

But men of science object that politics has usually been an enemy of science, that there is an irreconcilable conflict between the method of science and the method of politics.

Then observe the argument *ad hominem:* "those who oppose our great-hearted plans belong to the medical trust. Believe them not."

To clinch the point, there is adduced the argument by pat analogy: "Do you favor the public school system, Doctor? Do you think our schools are any good? Then, why do you oppose government running a health system?"

When the "social" cause is backed into a corner there is the old reliable refutation by constructive alternative:

"You don't agree with our Great Plan; then what do you suggest in its place? Just how would you improve it?"

Too often conservatives have been subdued by one or another of these polemical tricks. Doctors, like business men, are not trained in the art of making the worse cause appear the better. Nevertheless, they are making a courageous resistance to the march of collectivism, a fight that deserves the support of all believers in American as opposed to imported European institutions. That is why NATION'S BUSINESS presents as the fifth in its series of articles on free enterprise against dictocracy, "The Case for Private Medicine."

The doctor's job is to alleviate misery while others declaim about it. He has learned that the healer cannot indulge in sentiment.

As a man of science he has learned to be patient. Evolution marches slowly. Perfection always eludes the grasp of mortals because some improvement must be left to future generations. Looking back on the furrow of the past he sees that the profession of life-saving has come a long way. It has far to go yet, but Americans should be willing to leave his trained hand on the plow and reject the clamor to substitute in the place of control the man of words.

The Case for Private Medicine

A beginning must be made with the task of reconciling the laboring classes with the State. Whoever has a pension assured to him in his old age is much more contented and easy to manage than the man who has *no* such prospect. Compare a servant in a private house and one attached to a Government office or to the Court; the latter, because he looks forward to a pension, will put up with a great deal more. . . .

—Prince Otto Von Bismarck, the father of social insurance

IT HAS BEEN SAID that, wherever two or more persons meet and talk, it is a sporting bet that they will discuss one of three matters: sickness, death or the cost of things. Whether or not this is literally true, it scarcely exaggerates the human interest in those ills to which flesh is heir.

Credulity reaches its farthest limits of absurdity in these three subjects. It would be hard to imagine a fallacy with regard to any one of them so fantastic that at one time or another groups of people have not embraced it. Even in these enlightened times, thousands believe that washing the hands in stump water will kill warts, others that laying on of hands will make a paralytic take up his bed and walk, and still others that the same bottled elixir will "cure" hardening of the liver, prostatic enlargement and gallstones.

Every imaginable superstition clusters around death and its aftermath. And as for the price of things, no form of credulity is more current today than the belief that the prices of goods and services can be set by decree and in complete defiance of supply and demand.

Small wonder, then, that people listen to medical quacks and vote as political quacks prescribe for the royal road to health. A blind faith has grown up in the land that money buys health under any and all circumstances. If health can be bought at so much a head, then it follows that those who have must be made to disgorge so that others who have not may live. Ergo, the man who owns a home and a bank account is guilty of murder because babies die among families who have neither.

There often is some degree of correlation between certain diseases and economic status. Havelock Ellis showed that there is also a modicum of correlation between tuberculosis and genius. But to reason from his findings that people have tuberculosis because they are geniuses or that they are geniuses because they have tuberculosis is as absurd as the current assumption that people who are sick are sick because they are poor or that, if they are economic failures, it is because they have been sick.

Yet writers in the scientific field, like the eminent Paul de Kruif, shout this fallacy in emotional, intemperate language. When he writes of "thousands dying simply because they hadn't the

Storm troopers' ideals

Under the Nazis all this was to be changed. In the period preceding the seizure of power a program was formulated which every doctor who had ever fought for these ideals could enthusiastically endorse: the protection of the family, the prevention of exploitation of the young, the return of woman to the home, the combating of a social, physical and psychic degeneration, the protection of the farmer, the encouragement of settlement on the land. These were social ideals which called for and justified the sacrifice of individual interests.

—Dr. Martin Gumpert in "Heil Hunger"

When the people prescribe

The public inclination to follow medical Pied Pipers is shown in the case of John R. Brinkley, the "goat gland doctor." Deprived of his license to practice medicine in Kansas, Brinkley gained a great following with his radio station through which his voice wafted daily the promises of miraculous cures. He ran for Governor of Kansas, entering too late to get his name printed on the ballot, made a whirlwind radio campaign, and hourly "taught" his hearers how to spell his name. Some 25,000 adult citizens flunked their spelling examination on election day or Brinkley would have been Governor.

In Oklahoma, 20,000 voters wrote in his name on their ballots under the impression that he was a candidate in the Sooner State.

When his radio license was cancelled, Brinkley went to Mexico and acquired another station. He testified in court that his income in 1937 was $1,300,000.

It is conceivable that political boards in charge of medicine, although composed of men of courage and integrity, would have difficulty in resisting the cock-eyed demands of a patent medicine electorate.

—From "Planning the Less Abundant Life"

Escape from life

And one of the things the citizen believes is that life is too difficult and severe; that there ought to be an easy way to solve every problem and to get the good things of the world without the sacrifice and self-denial which have usually been the price at which they were to be obtained. Therefore he likes to believe, when he is told it, that medical care ought to be provided by government at a cost of little or nothing to him.

The doctor looks at the citizen and finds him a willing tool in the hands of the professional political charlatan who continually tells him what he already likes to believe. It would be funny, were it not tragic, to trace the history of his befuddlement by one after another sweet singer of halcyon songs, who have played upon his weakness . . . why is it since these various panaceas to ease the lot of the citizen have failed, the citizen still seems eager to be fooled by each new plan? I believe the answer is because these plans offer the citizen an escape from the hard realities of life, just as phantasy does.

—Dr. Terry M. Townsend, President, Medical Society of the State of New York



Reinhard

Gesellschaft mit beschränkter Haftung

Löhnung vom 6. Okt. bis 12. Okt. 39

Name Hermann Hillenbach

48 Stunden à M. —.81 = M. 38.88

— Überst. à M. — = M. —

Bruttolohn M. 38.88

Abzüge.

Bruttolohn 38.— (abgerundet)

Steuerfrei 24.—

10% Steuer v. 14.— M. 1.40

Krankenkasse . . . „ 1.30 (5% v. Lohn davon ½)

Erwerbslosenfürsorge „ 1.26 (5% v. Lohn davon ½)

Invalidenversicherung „ 1.05 (damit hilft der Staat)

Arbeitslosenhilfe . . . „ —.95 (2½% v. Lohn)

Bürgersteuer „ 1.50 (wird an 10 x 24 jeden Monats abgeführt)

Ehestandshilfe „ 1.14 (3% vom Lohn)

Gesamtabzug M. 8.60

ab 1/10. kommt neu hinzu: Nettolohn M. 30.28

Arbeitsfront (wird Steuer) — .83

Kriegshilfswerk (10% v. 2.55 Lohnsteuer) 29.45

A German pay envelope showing various deductions for social insurance. Wage computation has become a matter for experts. Deductions amount on the average to 20 per cent of the pay.

wherewithal to pay" for treatment, many of the intellectually defenseless believe him. When he scorches the paper in his typewriter with flaming passages about "A future American citizenry rachitic, consumptive, undersized, sapped and degraded," sympathetic Americans, always moved through the heart more easily than the mind, mutter that we must do something about it.

One doesn't have to look far to see that this economic interpretation of the healthy life is grossly exaggerated. All the money of John D. Rockefeller could not buy the health enjoyed by the humblest "white wing" or stevedore. The young bruisers from well-to-do families who go to Harvard, Yale and Princeton have no corner on health, as their football record in recent years demonstrates when compared with that of Notre Dame, Southern Methodist or Minnesota. Joe Louis is not exactly a weakling, although he came from an underprivileged Alabama family.

"Underprivileged" can take it

AN INDUSTRIAL psychologist at Harvard recently tested a group of young sharecroppers from Mississippi and an equal number of average Harvard boys to compare their resistance to fatigue. He found the sharecroppers superior to the "aristocrats" in capacity to undergo severe physical trials, although every one of them belonged to the "ill-clad, ill-housed, ill-fed and ill-doctored" bloc of the nation.

But these are isolated cases and not representative, you will be told. Let's look at the same question statistically. We find that the District of Columbia, seat of the national Government, has the highest death rate in the nation, if we except Arizona and New Mexico both of which have a large percentage of tuberculous health seekers from the East among their population. The District also boasts a higher *per capita* income than any one of the 48 states. That is reverse correlation, but we will not ape the political health faddists by trying to reason from it that better incomes necessarily mean worse health. It can be pointed out, however, that the four states with the lowest death rates are North Dakota, South Dakota, Oklahoma and Arkansas. Three of these are definitely "have-not" states.

With all this credulous preoccupation with bodily ills and the plausibility of claims for their class origin, it is not surprising that those who seek ruling power in perpetuity should make health programs to advance their purposes. Such programs provide something else that government can do to win the gratitude of people too thoughtless to recognize Greeks when they come bearing gifts labeled "other people's money."

For centuries men fought to free their churches from state control. Eventually, after rivers of blood had been shed, they succeeded and now in large areas of the world we have religious freedom. During all those centuries, the state had nothing to do with the treatment of sickness. Now it is proposed to turn that function over to government, presumably to create a problem for posterity—the job of winning back freedom over their bodies as they once wrested freedom over the custody of their souls from government.

The most ambitious of health programs is compulsory health insurance. Like others, it is an importation from Europe.

In 1883 Bismarck proposed in Germany the first system of compulsory sickness insurance which was eventually to set the pattern for social security legislation in many nations. It was a system by which the employee contributes a portion of his wages, his employer another portion, and the state a third portion.

A deceptive device, since the worker pays most of the other two shares as well as his own. He helps to pay his employer's share, since the tax represents an added cost of doing business and must therefore be passed on to him and others wrapped up in the goods the employer makes and sells. And of course he pays the Government's share in the taxes also hidden in the goods he buys.

If the American worker were to have an actual estimation of his contribution to social security taxes by these three different routes, he would discover that the amount he pays against the hazards of old age and unemployment and as a contribution to other services under Title 6 of the Social Security Act represents a considerable sum.

Since the establishment in Germany of the concept that the State might thus begin to take over for the worker many of the responsibilities which American workers have always shouldered themselves, the political value of the system became apparent to political leaders in many another state. Gradually the scheme has spread, with variations and modifications, to other countries. It is safe to say, however, that, in not one of them, is there a system which provides a type of medical service even approximately as good as that available to the vast majority of American workers today. Increasingly in some nations more and more of the private functions of the individual were taken over. The German worker contributes a large part of his wages to the State so that the State may carry out for him many of the most intimate and personal functions of his life.

British system child of politics

IN ENGLAND after 1911, when it seemed possible that the Labor Party might take away from the then dominant Liberal Party the control of the Government, Lloyd George offered to British workers a similar system and combined with it the dole. That combination is probably subject even to more criticisms than some of those which are being offered to Americans today. Under the British compulsory sickness insurance system, the worker receives nothing but a general practitioner's service, the effectiveness of which is open to question. When he requires the services of hospitals and specialists, he becomes essentially a charity patient. Unfortunately, however, as a result of this system, the voluntary hospitals of Great Britain which give this service find themselves facing a catastrophe—an end of their existence as independent institutions. Of course, it is being proposed that the Government take over the administration and support of these hospitals.

Now it must be remembered that, in the United States, we have



BROWN BROS.

Health is no respecter of wealth. John D. Rockefeller spent thousands of dollars in an effort to regain normal health. Other factors are more important than financial status.

Soviet medicine

We came, unluckily, to know a lot more about Soviet medical practice than most of our colleagues. Like the "stable" currency and the wonderful educational methods, the socialized medicine under its official statistical surface was a snarl of contradictions, shortages and ineptness. Doctors regarded their obligatory work for the state as an exaction and depended on private practice for their real income. The more famous medical specialists did not budge for less than 50 or 100 rubles; often it required "pull" to get their services at any price. The public health service was by all odds inferior to the free public and charitable health services available to the poor in cities like New York and Chicago.

—Eugene Lyons in "Assignment in Utopia"

Just "social" wages

Compulsory health insurance was instituted in Germany, where it first came into fashion, not as a means of bettering the German people's health or welfare, but as a donated dole in lieu of wages.

—Dr. Samuel J. Kopetzky



HARRIS & EWING

Hospital and doctors' equipment represents a tremendous investment. Would doctors, without incentive of private practice, be so eager to lay out large sums in purchase of latest and highest priced materials?

Quantity medical service

What is the general practitioner in England today but a glorified first-aid man? Quack patients beget quack doctors. It is a question, from the general practitioner's point of view, of getting as many patients as he can on his list and getting the consultations over as fast as he can. Only by such means can a living be made. If the doctor comes across an illness which may interest him, had he the time and were he reasonably paid to treat it, he cannot do so, but simply refers the patient to the nearest hospital; insurance committees do not encourage academic excursions by general practitioners.

—Dr. F. S. Taylor-Thomas

Why follow England?

Mortality rates from 32 of the 42 most common causes of death were higher (in 1934 when comparison was made) in England and Wales, which have had state medicine since 1912, than in the United States under free medicine. The general mortality rate for all causes is lower in the United States and the rate of decrease is more rapid in this country.

—Frederick L. Hoffman, insurance statistician

developed what is probably the finest hospital system in the world. The majority of the hospitals which give medical care are established on a non-profit voluntary basis with the support of the Catholic, the Protestant, the Jewish and other churches, and of trades, organizations, and communities. The care of the sick has been a fundamental spiritual motive in every great religion since the earliest times. The extent to which removal of this motive from religious groups would interfere seriously with their spiritual function is a matter which deserves the most careful thought and consideration.

The years from 1905 onward witnessed the development in the United States of a new profession—the social service group—today numbering many thousands of persons whose full time is spent in the administration, distribution and control of public and private assistance to the needy and sometimes to those not quite so needy. Increasingly, members of that group have taken their inspiration for future development from foreign patterns. They observe housing projects in Australia and Sweden and state administered services in Russia and Germany. They try to transplant similar mechanisms into the American system of living.

They became more and more articulate in these attempts to change medical service at the time of the World War. During that conflict, mass handling of men began to be recognized as an exceedingly useful performance to achieve a definite objective. After the war, there was an effort to carry this mass handling of men over into civil life. All sorts of strange schemes were proposed for reorganizing medical service on a mass basis.

One of these was the Sheppard-Towner Act, passed shortly after the war, which provided federal aid for maternity care. Properly wrapped in Mothers' Day sentiments, it appealed powerfully to the emerging social consciousness of that decade. It functioned only where the states voted their own enabling legislation. The decrease in infant mortality in the seven or eight years the act was in force was not so marked as it had been previously, and no better than it was afterward. Illinois and Massachusetts, the two states that did not accept the federal handouts, showed an improvement equal to those that did subjugate themselves before the growing federal colossus.

Patients are people, not robots

THE PHYSICIANS themselves had the concept that the finest professional service was rendered when there was free choice of doctor by the patient, mutual responsibility between patient and doctor, and the maintenance of a personal relationship between doctor and patient which considered the patient as a human being and not merely as an ailing unit in a great machine.

The economists, however, believed that the reduction of medical service costs made possible with mass handling might be sufficient reward for the destruction of these values. Here, there and everywhere proposals were made for the setting up of groups of doctors to administer service as units with complete changes in the method

of payment for the service. Most articulate was the group who insisted that the state must take over medical service, administering it under a system of compulsory sickness insurance.

This the medical profession opposed particularly as representing waste through the expenditure of vast sums on governmental bureaus and institutions with all the officials and employees required to support them. Experience abroad has shown that, in some of the systems at least, two employees are necessary for every physician who renders service. Since the money available for medical service and supplies barely covers the necessary cost of such service, expenditures for administrative overhead must either reduce the quantity or quality of attention or else demand larger contributions by the workers.

Moreover, when the cut was made, it obviously had to be taken from the money available for the physician and for the hospital. Obviously, this money in itself was not more than enough to cover the costs of the service if, indeed, it did that.

In 1927, a Committee on the Costs of Medical Care, composed largely of statisticians, social service workers, economists, sociologists, a few philanthropists and business leaders, and a sprinkling of physicians, was established.

A $1,000,000 study

NOW IT IS recognized that the leadership and control of this Committee was primarily that of E. A. Filene of Boston who had been for years committed to substitutes for the American system and whose views inclined toward the cooperative system as the only method of distributing goods and services. After five years in which it spent $1,000,000, contributed by various foundations in studies of medical service, the Committee made two reports. A majority recommended reorganization of medical service on an organized basis with medical care centering around the hospitals in which physicians would be employed full-time on salaries to render special services, the general practitioners serving merely as feeders for the hospitals. In each state, a lay administration was to be set up to control medical service. Payment was to be made on a voluntary insurance basis but there was a clear understanding that the voluntary insurance system must eventually be transmuted into a compulsory system.

The minority opposed such a revolution in medical service, insisting that medicine was undergoing gradual evolution with the introduction of new technics and that only scientific experimentation under controlled conditions could yield evidence of value as to what methods might be best in various parts of the country. They opposed particularly any breakdown of the personal relationship between doctor and patient and mutual responsibility.

Now, during the years, the advances of medical science had gradually led to lengthening of life. A child born in the United States in 1890 could reasonably expect to live about 40 years, whereas a child born in the United States today can reasonably expect to live 62 years. In 1890, 2.7 per cent of our population were

Small change

The expenditure of $850,000,000 for public health does not frighten business.

—Charles W. Taussig, President, American Molasses Co., designated by the Interdepartmental Committee as a spokesman for business before the National Health Conference. (Mr. Taussig employed Rex Tugwell when Tugwell retired from the Washington scene)

Four hours in a clinic

I came at 12:30 for the afternoon clinic, and was still on my bench two hours later. Whenever I walked to the desk I was ordered to "sit down." The room was jammed, and I wondered if people around me felt as exasperated as I did at waiting. But they seemed not to mind. They looked beaten, dulled. "You'll get used to coming to clinics," said a woman next to me.

Finally my name was bawled out and a clerk pointed to an alcove. There another clerk put me through several sheets of routine questions, made out several colored cards, and didn't raise her eyes toward me during the whole proceeding. She droned out that I should go to the second floor for a diagnosis, and there, on a bench with a dozen others, I sat for another two hours.

—Edna B. Mann in The Modern Monthly



EWING GALLOWAY

"Cures every ache of man or beast, and only a dollar a bottle while they last. Don't crowd, folks, take your time." There are nostrums in public health, also.

Program for a healthy government

The fact is that the advocates of head patting and nose wiping want, or at least are willing to accept, a socialized nation as the price of paternalism. The battle with them, therefore, ought to be waged on that front. Health is not the issue; democracy is. As a matter of fact, the prime public problem in the United States today is not at all the health of the citizen; the prime problem is the decidedly poor health that the federal Government is enjoying. The latter is obese with bureaucracy and ravenously hungry for more taxes to satisfy its self-generated, insatiable appetite. It ought to be put on a programmatic diet before it eats us out of house and home. Is there a doctor in the house?

—*Journal of the American Medical Association*



ACME

Josephine Roche, chairman of the Interdepartmental Committee to Coordinate Health and Welfare Activities:
"We may take courage from the advances on other front lines of attack on our economic and social inequalities."

more than 65 years old. Today that figure is 7.8 per cent. The increases of the aged and the onset of economic difficulties threw the problem of care of the aged into politics. Advisory committees were set up to develop technics for meeting this problem as well as unemployment and the distribution of medical service. The technical advisory committees recommended to the President the social security system for all three services, compulsory deductions from wages, taxes on employers, and contribution by the State. There was, however, a distinction as to the manner in which benefits would be administered. Under the system for old age and unemployment it was decided to give cash benefits in return for the government levies on the workers' wages, while in the case of health insurance, medical service only was to be rendered. Payment then would be made to the physician and to the hospital by the State rather than directly to the patient or to the insured worker. Thus the physician would become, not an employee of the worker, but an employee of the State.

Doctor's spokesmen ignored

THE HOUSE of Delegates of the American Medical Association met in special session and explained its objections to the system and these objections were presented to the Administration. An advisory committee of 12 physicians was set up as soon as it was recognized that the so-called technical advisory committee, which had worked out the plan of compulsory sickness insurance, was not adequately representative of the medical profession. At no time has there been suitable consultation between the Administration and the medical profession as represented by the chosen spokesmen of 117,000 physicians who constitute the American Medical Association. Strangely, the powers that be invariably have chosen to consult small groups, representing frequently only a few hundred doctors, from whom, however, they were certain to get the kind of a reply that they wanted.

Meantime the President had appointed a committee of 12 physicians and that committee opposed compulsory sickness insurance. For this reason the recommendation of the President with respect to Social Security—or "economic security" as it was first called—did not include such a departure and the law was passed without it. Instead, under Title 6, an appropriation of $10,000,000 was provided for the United States Public Health Service and the Children's Bureau of the Department of Labor under the system of grants-in-aid with matching appropriations by the states. That system sets a sinister pattern for paternalistic federal legislation in purely state matters. It includes acceptance of federal dictation because the state cannot get the money unless the federal Government approves its plans.

It has been said that the federal Government has never rejected a plan of a state, yet it must also be recorded that the spenders in the state are not likely to bring to the federal Government a plan which is certain to be rejected because it does not coincide with the federal system. Indeed, the ultimate has been reached by the appearance before state legislatures of representatives of federal

bureaus who have brought measures for passage by the state legislatures and have insisted upon the passage of these "model statutes," with possibly the change of a comma or a semicolon, in order that the political aims of the bureaucrats might be achieved.

Federal spending for new health schemes did not end with Title 6 of the Social Security Act. Other measures have been passed, including the LaFollette-Bulwinkle act with the appropriation of $3,000,000 the first year, $5,000,000 the second year, $7,000,000 and up after the third year for a campaign on venereal disease. This money likewise is spent under the technic of grants-in-aid with matching appropriations. There is also an appropriation of $750,000 a year for five years for the establishment of a national institute for the study of cancer, and other appropriations for research throughout the nation.

When measures for changing the complexion of the Supreme Court and for reorganizing the federal Government were introduced in Congress a considerable portion of the nation rose in revolt. The result was, of course, that Congress failed to approve these procedures. In the meantime, the little group of serious workers which had stimulated the majority report of the Committee on the Costs of Medical Care and which had tried to plant compulsory sickness insurance into the Social Security Law had not surrendered their hopes and ambitions. The value of health promotion as a political asset had not lost its magic.

This was the time when it began to be a little difficult for idle W.P.A. hands to find something to do. The medical profession began to hear of a national health survey. It was planned to spend about $4,000,000 and employ 6,000 W.P.A. workers to make a house to house canvass of 700,000 urban families and 50,000 rural families with a view to determining the amount of chronic disabling illness and the extent to which it received medical attention.

A rickety foundation

OUT OF THIS national health survey came later a mass of statistical evidence. It was poorly prepared, as might have been expected from 6,000 W.P.A. workers without medical training and suddenly impressed into the highly technical task of assembling medical data for statistical analysis. The areas investigated, it is believed, did not represent a fair cross-section of the population. They were heavily overweighted by the large urban centers. The attempt to extend the figures so compiled naturally produced questionable conclusions. Nevertheless, on this foundation was to be based the most audacious plan of federal spending yet proposed. The great drive for government health insurance, or State medicine, was on.

Soon there was announced the appointment by the President, with an appropriation by Congress, of the Interdepartmental Committee to Coordinate the Health and Welfare Activities of the United States Government. Miss Josephine Roche, third assistant secretary of the Treasury, in charge of the United States Public Health Service, was designated as Chairman of the new committee. Promptly a technical advisory committee was named. It included Isidore Falk,

Reducing statistics to facts

There remain only 13 counties in the whole of the United States, no part of which is within 30 miles of a general hospital, and eight of these counties have a population of less than five per square mile.

Assuming that in those counties partly within and partly without hospital areas, one-half of the population lives at a distance greater than 30 miles from the nearest hospital, we find that there are in those counties, 1,828,735 people so situated. The population in those 13 counties numbers only 67,800. Adding these two figures, we find that 1,896,535, or roughly 1,900,000 persons, live 30 miles or more from a general hospital—1.5 per cent of our total population. In other words, 98.5 per cent of the people already have, as far as geographical distribution is concerned, hospital facilities sufficiently readily available.

—Rev. Alphonse M. Schwitalla, President, Catholic Hospital Association



BROWN BROS.

These immigrants eagerly sought a new home in America—they had no regrets at passing up their native land's promise of free medical care—they preferred a land where they could be "on their own."

formerly a worker for the Committee on the Costs of Medical Care—later associated with John Kingsbury, an employee of the Millbank Fund, in his drive for compulsory sickness insurance—and still later an employee of the Social Security Board which has been empowered to study medical care. He particularly believes that compulsory sickness insurance is the only possible answer to the problem of medical care for the people.

About this time, rumors began to circulate to the effect that Relief Administrator Harry Hopkins was carrying about in a portfolio a Ten-Year Plan for the nation's health. Rumors were widespread to the effect that an economic conference had been held in which one group had recommended the spending of $4,000,000,000 to aid industry and agriculture by pump priming and another group wanted to lay out the same sum on a health pump. It seemed to them that, in the good name of health, it would be possible to drain swamps, build roads, construct hospitals and diagnostic institutions, and spend vastly for supplies and equipment.

The medical profession, through its headquarters in the American Medical Association, tried repeatedly to gain some information as to the nature of the proposed national health program. Important senators and other officials were besought for light as to its content. Every one of them confessed, some with embarrassment, that the existence of the document was known but that it had been absolutely impossible for them to obtain the slightest reference to it. Everything was held back as a mystery to be sprung at the National Health Conference.

How to run a conference

AMONG the remarkable manifestations of our time is the development of the conference as a means of propaganda and promotion. Once men of knowledge, recognized as experts in their field, used to be assembled so that the information and judgment of all could be applied to the solution of serious problems. Soon it became apparent that the trend of thought and the conclusions of such a group might easily be directed toward a certain end, provided those responsible for the assemblage exercised proper astuteness in preparing the program and selecting those who were to attend. The ultimate efficiency was finally attained when the conclusions began to be drawn before the conference assembled, with the certainty that only those conclusions could be the outcome of the entire performance. Such was the National Health Conference which met in Washington in 1938.

When the National Health Conference was called, it was announced that, for the first time, the National Health Program would have a public unveiling. Of those invited to attend, 80 per cent, it was known in advance, would agree to the conclusions that were to be offered. The other 20 per cent were a grudging concession to democracy.

The program on the first morning was carefully devoted to a series of addresses attacking the medical profession of this country as a group primarily concerned with its own income, callous toward

Take it and like it

A meeting has just been held at Washington on the subject "Children in a Democracy." . . . the handling of the meeting itself was undemocratic. A pile of documents was presented to the audience on the education of children, their health, and kindred subjects. The pile stood almost a foot high. The meeting lasted a week. Newspaper accounts represented that this pile of documents was "discussed" by the delegates. The public was led to believe that the results were spontaneous. As a matter of fact, the whole program was framed weeks in advance, the material was prepared by those who had their own special cause to plead, and no chance was given for all who might disagree with the points made to prepare and present a contrary view. I do not mean that this conference was something that should be criticized. It was a good thing. But it was not democratic and it did not deal with children in a democracy. It offered to an audience assembled in Washington certain conclusions by a few persons who had worked on certain problems, and the audience was asked to think as its leaders thought, and they did so. The decision was the only one they were offered an opportunity to make.

—Dr. Terry M. Townsend, President, Medical Society of the State of New York

Those dollar optimists

Neglected illness is not always convertible by means of money grants or administrative measures into illness effectively prevented or cared for. Sincere enthusiasts who 30 years ago were sure that tuberculosis would be abolished by 1935 are still writing optimistic tuberculosis programs in glamorous terms of fresh millions of dollars.

—Dr. S. S. Goldwater, Commissioner of Hospitals, New York City

Speaking from experience

For the most part, American doctors are determinedly opposed to this drive for socialized medicine, and I must say I am with them all the way. State medicine, in my opinion, bears disaster for doctor and patient alike. You cannot pipe out medicine to the community as you do with steam heat.

—Dr. A. J. Cronin, English author of "The Citadel"

illness, oblivious to human suffering, and unaware of either the nature of the problem of medical care or of any procedure by which a solution could be sought. The addresses had been assembled, mimeographed and released to the press in advance.

On the second day, the National Health Conference began really to function. By this time it was discovered that even the seating had been carefully planned, so that no two of the opposition could sit side by side and give each other aid and comfort. Also observers were admitted to the gallery only with tickets issued by Miss Roche and her assistants. For the first time, on the basis of the fallacious statistics of the National Health Survey, it was proposed to increase federal appropriations for health from a current expenditure approximating $135,000,000 annually for all medical purposes to $850,000,000 a year for some specific medical purposes. Isidore Falk also proposed that a national assessment of four per cent of the pay roll be levied to provide something like $2,800,000,000 with which to encourage a nation-wide system of compulsory sickness insurance.

Opponents are gagged

AT THE FINAL sessions of the conference a number of hatchet men performed, all known as much for their forensic ability as for their absolutely established views in favor of the National Health Program. This section of the Conference was broadcast. It is not recorded that any of the views of any of the opponents of the plan were put on the radio.

Immediately after the National Health Conference, attempts were made to establish small groups in various cities throughout the nation with a view to setting up agencies for promoting the program and winning its adoption. The conference itself and the program were sent to the President, who in turn sent them to the Congress, with a recommendation for careful study.

While these blueprints for national health at so much a head were being drawn, other strange and related developments began to transpire in Washington. The Interdepartmental Committee was coordinating. Nearly all phases of executive department activity participated in the extraordinary drive that followed.

E. A. Filene who had promoted the Committee on the Cost of Medical Care and the Twentieth Century Fund was behind the promotion of a cooperative health plan, the Group Health Association, among employees of the Home Loan Bank Board and Home Owners Loan Corporation in Washington.

Group Health Association was organized as a corporation, presumably for the purpose of providing medical service and hospitalization for employees of the H.O.L.C. and their families, although the certificate of incorporation makes every civil employee of the Government eligible for membership. The contract between the Association and the H.O.L.C. still remains a secret. It is known that the Board contributed $20,000 the first year and an equal sum the second year.

Congress never has appropriated any funds for this purpose.



H. ARMSTRONG ROBERTS

Rich foods and extravagant surroundings are far more fatal to the nation's health than inability to obtain a physician's care.

There are polls and polls

In 1938 the headlines widely and variously interpreted a poll of doctors by the American Institute of Public Opinion as evidence that they were dissatisfied with the existing system of private medicine. A closer study of the poll showed that 73 per cent had merely expressed approval of the principle of "voluntary health insurance where an individual insures himself medical and hospital care by making regular payments to a health fund." The doctors interpreted the question correctly, but some of the commentators and propagandists saw in the poll support for a form of governmental control such as that proposed in the Administration's National Health Program.

A recent survey of 20,000 physicians by the medical journal, *Modern Medicine*, shows how erroneous such conclusions were. In this poll 88 per cent answered "no" to the question: "Would you cooperate with a federally administered and controlled legislative program tending toward drastic curtailment of private practice of medicine?" The 12 per cent minority opinion seems to represent the reform strength in the profession, both within and without the American Medical Association, since this poll included non-members as well as members.

The perfect tribute

In the city of Milwaukee I am considered a radical by many, but, after listening to you people here, I think that I am quite a conservative.

—Dr. John P. Koehler before the National Health Conference



HARRIS & EWING

A corner of the waiting room at the Group Health clinic in Washington. In this clinic seven doctors will see in a day from 400 to 450 patients, or approximately 60 each.

"Gives instant relief"

And so we come here—the medical profession—called to a conference on a national health program. I leave it to you whether or not we have been called to a conference or whether the patient whom you represent has not asked the medical profession to write a prescription for Radway's Ready Relief, which the patient has written and wants the medical profession to sign so he can get the prescription filled. That is not scientific medicine, and that is not scientific economics.

—Dr. Morris Fishbein before the National Health Conference

The power of money

I was pretty well depressed last night after this meeting. I felt as if somebody had handed me a little, premature, two-pound baby that was blue and cold, and said, "Here you are," and then put a check for $1,000,000 in my pocket and said, "Now, in one year we will have a 200-pound specimen that can lick Joe Louis."

—Dr. Clifford G. Grulee, Secretary, American Academy of Pediatrics, before the National Health Conference

When the Comptroller General's office made an investigation at the request of a Senator it found that the $40,000 outlay was unauthorized and irregular.

Dues in the G.H.A. were first set at $2.20 a month for single memberships and $3.30 for married, without regard to size of family. A general medical and hospital service was to be provided, subject to a few exceptions. Later, these rates were jacked up radically. Now a new member must pay a $5 application fee plus $1 for each dependent, and a $10 membership fee covering all dependents. Dues are still $2.20 a month for the principal member, $1.80 for husband or wife, $2.20 for each other dependent over 21 and $1 for each dependent child under 21. This amounts to $103 the first year for a married man with three children, and thereafter $84 a year.

But this isn't all the cost. Members pay $1 for the first house call in any illness. Subsequent calls "made at the instance of the attending physician" will not be charged for. The qualification is significant. For any chronic ills during the first three years the member must pay part of the cost. And there are other exceptions.

Group Health at first was strictly under the wing of the government agency. Supplies and equipment for the clinic were bought through the government purchasing facilities at the usual large discounts, a privilege distinctly irregular. Telegrams, clerk hire and telephone tolls were charged to H.O.L.C., which likewise provided the first stock of printed forms and took care of electrical installation, repairs, etc. Even office equipment and supplies came from the same source, although some office furniture and typewriters later were paid for.

After the organization had been nursed along by the Government for about two years, the Filene foundation seems to have taken over the financial burden. Since then it has paid all administrative costs, estimated to be at least $15,000 a year. That is why the director of Group Health can claim the association is out of the red. It has never actually paid expenses, according to the most reliable information available.

Co-op plan for medicine

THE AMERICAN Medical Association and its constituent bodies have always opposed health plans of the G.H.A. type as unsound forms of "contract practice." They do not object to private health insurance that indemnifies the insured up to an agreed amount in cash, and they have cooperated with, even organized, many local "prepayment" plans with cash indemnity to spread the cost of emergency illness. But here was a purely cooperative scheme fostered by and subject to the control of the Government itself.

It has been pointed out that the standard Rochdale cooperative principle cannot be made to apply to the distribution of medical service. In a regular co-op for the distribution of goods the advantage held out to members is "patronage dividends." Established prices are paid for goods and the profits divided later in proportion to the amounts that members have bought. It is to the interest of both individual and group to buy as much as possible through the

co-op. But in a medical cooperative the group interest is best served by members making as little use of the service as possible and thereby keeping down costs so that the full service may at all times be available. This conflicts with the individual interest, because the individual member pays his dues and uses every occasion to get his money's worth out of the membership.

One of the doctors who resigned from the Group Health panel said that patients were so numerous they had to be driven through the clinic "like a herd of sheep." There were so many calls for service, many of them of a trivial nature, that members who really needed attention sometimes had to wait for six or seven days, he declared. Doctors saw from 40 to 60 patients a day. Clients had physicians and specialists assigned to them arbitrarily. Another observer found that some members called in their old family doctors when they had any serious illness, but retained their memberships in the Association for fear of encountering official disapproval from superiors in their office. Publicly there was to be no coercion in obtaining members. Actually the employees were told it was important that they join. Of course, Christian Scientists and those who had relatives who were doctors would not be expected to sign up.

Medical Society acts

SO STRONGLY did the District of Columbia Medical Society feel that the Group Health idea tended toward a breakdown of the quality standards of medical service to which it as an organization was dedicated, that the Society expelled one of its members on the G.H.A. panel. Several others resigned from the panel.

There was talk of prosecuting the association on the ground that it was unlawfully engaged in the practice of medicine and the business of insurance. Without waiting for prosecution to be instituted, the association petitioned the District Court for a declaratory judgment that would determine these facts. After the petition had been filed and prosecution was actually in process the association, by amendment to its constitution and by-laws, substantially altered its methods of operation.

By implication, this action admitted that, before the changes were made, the association was open to the charges made against it. In any event, the judgment of the court holding the association innocent of both charges was based on its organization and operation after these amendments had been made. In other words it was not cleared of the original charge that it had unlawfully engaged in the practice of medicine and the business of insurance.

When the Superintendent of Insurance in the District of Columbia appealed the case to the United States Court of Appeals, the decision was significant. The higher court ruled that G.H.A. was not in the insurance business since it actually assumed no legally enforceable obligation to its members. This was definite confirmation of the Medical Society's contention that the association was promising something which all experience indicated it could not possibly fulfill.

This resistance of doctors to the longest step taken up to that time

The forgotten doctor

Old Man Porter, who was fiddling with the radio, asked:

"Do you listen to the new medical program, Doc?"

"New program?"

"Sure, the one the Government puts on. 'Democracy in Action,' they call it. Tells you about the trouble the public health folks take to save our lives. You know I never realized before what heroes them fellers are."

He shook his head emphatically.

"I'll never forget the program in which the quarantine officials stopped the epidemics. They wore badges and all—just like the G-men."

The man in the chair sighed. Perhaps he was just tired. "What do they say about us?" he asked.

"That's the funny thing," Old Man Porter replied. "They don't say anything. Not a word about doctors. I heard all the programs so far—wouldn't miss one on a bet—and they never even mentioned you-fellers." . . .

". . . And so did Stephen Babcock and his associates track down the hidden hunger and discover vitamins. Enter Joseph Goldberger, soft-spoken researcher in the United States Public Health Service."

—*Medical Economics*



H. ARMSTRONG ROBERTS

She can take her time to explain to the family physician in the privacy of his office what is wrong. But if it were a "panel" doctor as in England, she would probably have to make it snappy.

Only a starter

If I were intent to change the form of government of the United States and destroy democracy by a technic of infiltration I would start with medical care. It is the logical place to insert the entering wedge.

—Dr. Terry M. Townsend, President, Medical Society of the State of New York

"Why bring that up?"

Would it then be unsound national economy for our Government, through its public health service, to spend, let's say, $100,000,000 yearly for the uncovering of early tuberculosis? . . . And if anybody asks the old question, "Where's the money to come from?" couldn't our President and the Congress turn to the country's bankers for an answer?

—Paul de Kruif in "The Fight for Life"



ACME

Thurman Arnold, Assistant Attorney General, in charge of the anti-trust prosecution of the American Medical Association, gives his view of the Association's position:
"An attempt on the part of one group of physicians to prevent qualified doctors from carrying on their calling and to prevent members of the Group Health Association from selecting physicians of their choice. The Department interprets the law as prohibiting combinations which prevent others from competing for services as well as goods."
When "union leaders" is substituted for "group of physicians," "workmen" for "doctors" and "independent unions" for "Group Health Association" a deadly parallel appears.

to introduce State medicine into this country put them on the spot. At once the full force of the reform phalanx calumny that previously had been directed at industry was loosed upon the organized medical profession. Every agency of publicity was employed in an effort apparently aimed at nothing less than smearing the profession and inciting public hatred of it.

Now doctors are a "trust"

THEN CAME the final play, the trump card of those behind the National Health Program. It was expected to silence completely all opposition by doctors averse to regimentation.

Somebody had coined the term "medical trust." It seemed to be a winner, as "power trust" and "economic royalist" had been in indicting business. In these circumstances, Assistant Attorney General Thurman Arnold came to the fore. It was a brilliant inspiration that passed the ball from Parran to Roche to Arnold, who had come East to Yale, and thence on to Washington as a trust buster extraordinary.

The American Medical Association was threatened with prosecution as a trust because it adhered to its long-established code of ethics. Every lawyer knew that the real issue was the Association's temerity in daring to oppose a scheme dear to the hearts of the Planners.

Taking a cue from the sensational successes achieved by the Black and LaFollette Committees' senatorial investigations, the Justice Department began trying this case in the press in advance of an indictment. Lecturers were sent from the Department to harangue public audiences before the indictment had been voted or drawn. Afterward its representatives began to bust the "medical trust" by radio, in newspaper interviews and in articles attacking the organized medical profession.

The Department of the Interior, the United States Public Health Service and many other federal agencies used the radio to dramatize the inefficiency of the medical profession and its alleged conspicuous failure to meet conditions of medical need. Newspapers, periodicals and other agencies for the dissemination of information were deluged with handouts and books and pamphlets handsomely illustrated and costly, urging promotion of the National Health Program and at the same time breaking down confidence in the medical profession.

The propaganda released by various federal agencies spoke recklessly of hundreds of thousands of needless deaths, as if indeed it were possible for scientific medicine to save every life. Of course, every one should know that vast numbers of people die by the very nature of their being and by the conditions of the civilization in which we live. It would be preposterous to say that every death in childbirth could be prevented; but one has yet to find a statement issued by the Children's Bureau in the Department of Labor which admits that any maternal death ever occurs that could not have been prevented by medical aid.

Promises have been made in relation to the prevention and treat-

ment of innumerable diseases for which medicine itself frankly admits it does not know the cause, the specific method of transmission, any definite method of prevention, and for which it has nothing resembling a "cure." This is far removed from the principle or the procedure of scientific medicine!

Emotionalism was unrestrained in the propaganda broadcasts. There was a drama of an underprivileged sufferer who had consulted the doctors in his community without finding any relief. At last he persuades a friend who owns a hearse to take him and his wife to a city hospital 300 miles away. There a diagnosis immediately discloses a cancer and only a few hours or days of life remaining. The play ends with a poignant scene in which the wife exclaims that if only there had been a cancer hospital at home her husband could have been saved!

The assumption that only a cancer hospital could diagnose a cancer is completely in conflict with reality. It is only one example of many that show the absurdity of treating scientific matters by the methods of politics.

Codes of ethics are attacked

IN THIS atmosphere so highly charged with stimulated emotion, the Department of Justice received a setback at the hands of the District Court in the A.M.A. case. But the legality of the indictment was sustained in the United States Court of Appeals. The Supreme Court has yet to say the last word.

Leading members of the association contend that this decision, which places medicine in the category of a trade, is revolutionary in its implications. If sustained, it will make a dead letter of all professional codes of ethics.

When no professional body can discipline a member for ignoring its ethical standards, those standards can no longer be considered binding. Assistant Attorney General Arnold bases his case largely on the claim that one group of physicians attempted to prevent another qualified group from following their calling for a livelihood. The other half of his plea is that laymen—members of group health organizations—were unlawfully prevented from exercising a free choice of physician.

By this piece of legal reasoning, the Attorney General committed that form of indiscretion colloquially known as "putting one's foot into it." In doing so he stepped squarely onto a political sore toe—the coercive tactics of union labor.

It is clear to any innocent lay mind that at no time has any medical society attempted to boycott or bar a group health doctor from continuing to practice his profession. The most they had done was to suspend one physician from membership and possibly to threaten similar disciplinary action in a few other instances.

On the other hand, some labor unions make no apologies for using every form of persuasion, including pick handles and sling shots, to keep any member or non-member from working for an "unfair" employer. By their code "scabs" have no right to work at any job a union man would accept. And free choice of the employer to hire



EWING GALLOWAY

A few years ago sociologists were worrying about the number of babies born into the world without opportunity. Now it is the falling birth rate that disturbs them.

Strength could be bought

From pious Kansas whose terrific Christianity would dictate, you'd think, a perfect sharing of those crumbs our economic order allows us, there came bad news of thousands of children half starved. . . . It is a fight between a handful of men and women who see that mass death is waiting for us if we are not allowed to buy the strength that's possible for everybody—and another handful of men at the head of our system, men who don't yet understand that their miserliness will not save them.

—Paul de Kruif in "Why Keep Them Alive?"

Gangway, doctors!

The people's health, including the care and cure of disease and injury, is fundamentally a social or state obligation.

—Assemblyman Wagner of New York, son of the Senator



MCMANIGAL

The pig is a pliant patient and a splendid subject for socialized medicine. Perhaps the veterinarians should be given a chance to try it first.

Other worlds to conquer

Latest innovation of the federal Government is a "socialized-medicine" program for beasts of the field.

This action came as a result of a survey charging that a large section of New York State's animal population is suffering from "inadequate care." Nearly as many grouse, pheasant, quail, and deer die each year from disease. Superintendent of Game Gardiner Bump was informed, as are killed by huntsmen. And it is obvious, conservationists added, that none of these victims can provide themselves with needed attention.

To right this wrong, the federal Government has granted the state three quarters of the cost of a $40,000 "clinic" for wild life. It will include "wards" for the living, and a morgue for the dead.

—*Medical Economics*

anyone he chooses is seldom conceded where unions have the upper hand.

None of the expert sophists in Washington was able to explain away this very palpable paradox. What with an election on the way and some of the labor boys getting restless, the high strategists were alarmed. But the damage was done. Mr. Arnold played consistent. He started prosecuting some of the unions under the Sherman Anti-trust law.

Whether or not he realized the political dynamite in his legal logic, the die is cast.

In the words of Henry Mencken:

> If the Hon. Mr. Arnold goes up to the Supreme Court with his theory (on the A.M.A. case), and convinces four judges and Hugo Black, there will be merry hell to pay all along the line, and he'll be lucky if he is not sent back to Yale C.O.D.

All this ado over Group Health was, of course, only an accompaniment to the drive to enact the National Health Program into law. When it was submitted to Congress, Administration leaders called on that reliable wheel horse of social uplift, Sen. Robert Wagner of New York, to carry the ball. After many conferences a bill was submitted under his name.

Responsible representatives of the one organization that embraces all groups and sections in the profession tried to break through the palace guard and have some hand in drafting the bill, but they were repulsed. Nevertheless, the sponsors were shrewd enough to realize that the full program of the Interdepartmental Committee would never be acceptable. So they dropped the compulsory health insurance feature and fell back on the familiar tactic of a bill for grants-in-aid to the states, with the usual federal strings attached and a progressively increasing cost.

Using deficiency as a pattern

THIS grants-in-aid bait has been the most vicious feature of Social Security and other major legislation that within a few years has effected a transformation in our form of government. It is a bribe to the states to surrender their rights to the central Government. It encourages unnecessary state spending in the effort to obtain a share of federal funds. It makes the deficiencies of one state a pattern for all.

Massachusetts, for example, may have excellent health promotion facilities and another state be very deficient in this respect. A bill is drawn with the needs of the deficient state in mind, but Massachusetts, knowing that it must help pay the cost for all, obtains its own share whether there is a need or not. It is senseless for a rich state like Massachusetts or New York to go begging to Washington and get a million for health or relief or municipal power plants, when it must pay into the same fund for the nation $2,000,000. If Mississippi or North Dakota must have help from the national Government let it be granted without making their needs a common denominator for the 48 states. The only plausible explanation for

the present procedure is that it enables political leaders to gain more federal control over the rich and potentially independent states as well as over the poorer and dependent states.

Senator Wagner offered repeated assurances that there would be no compulsion in his bill. Each state, he declared, would be free to set up a plan of its own choosing. "States are free to establish compulsory health insurance if they choose to do so." The federal Government would not dictate to them. But he failed to add that the federal Government would compel the states to pay their share of the taxes for it. The benefits are not compulsory but the taxes are.

Those who had followed the Senator's career remembered that he had made the same assurances about Social Security. And he had asserted that his National Labor Relations Act had no trace of coercion.

"It does not even favor unionization," he solemnly told his fellow senators.

"Experts" are called in

EXTENSIVE hearings were held by a subcommittee of the Senate Committee on Education and Labor. Such authorities on the science of medicine as the representatives of the American Youth Congress, the United Federal Workers, the National Women's Trade Union League, National Farmers Union, United Mine Workers and the National Negro Congress testified. Physicians who appeared in opposition were cross-examined as if in court of law. In at least one instance Senator Wagner sought unsuccessfully to impeach and discredit an honored member of the profession and a former president of the A.M.A.

Gradually the 85 or 90 per cent of the profession who have stood against socialization began to make their influence felt. When the Wagner Bill went over to the second session of the 76th Congress, the President himself began to doubt that even if it were passed it could be made to work. The word went out that he had abandoned it for the present in favor of a new bill, also by the indefatigable Wagner, proposing the appropriation of $10,000,000 for federal hospitals, without matching appropriations by the states. That measure is now pending in the Senate.

All the tear-starting pathos and whoopla that go with this bit of spending seem disproportionate to the amount involved. But the threat is not to be minimized. It is nothing but direct federal competition with a host of struggling religious, fraternal and other voluntary bodies now operating hospitals normally with perhaps one-third of their beds empty. The proposal is for federal construction and equipment of the hospitals, after which the local communities must take over and run them.

This construction of elaborate hospitals in small towns would have the effect of saddling communities with burdens that many of them could not carry. It is analogous to some good angel providing a $25 a week clerk with a 12-room mansion and estate—on the condition that he keep it up. The outcome in many instances probably would be that the Government would find it necessary to take



NESMITH

Snow never gets too deep for the family doctor when there is need for him. Dr. Arthur E. Hertzler, author of "The Horse and Buggy Doctor" always carried a pair of pliers as essential equipment for a call. When the road was blocked he never hesitated to cut a wire fence and continue on his errand of mercy. And never does he remember a farmer kicking because the doctor cut his fence.

"Proving" inadequacy

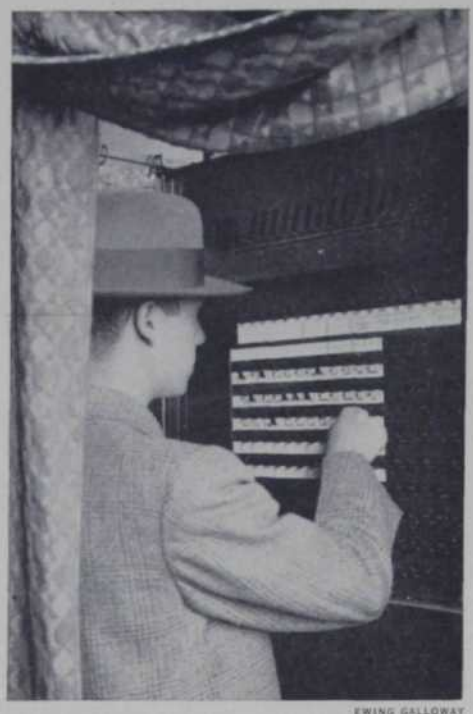
SENATOR MURRAY: You mentioned the inadequacy of the states to take care of this problem. I suppose you are familiar with the conditions that developed in the "dust bowl" areas of the country, which rendered thousands of families destitute?

MR. O'NEAL (President of American Farm Bureau Federation): Yes, sir.

SENATOR MURRAY: Is it not a fact that, in many of those areas, the medical profession withdrew and left them stranded entirely?

MR. O'NEAL: Yes, sir. That is true to a lesser degree in many areas of the United States. The country doctor is a thing of the past.

—From the Senate Hearings on the Wagner Health Bill



EWING GALLOWAY

Many issues may safely be decided by a count of noses in the polling booths. But the highly technical question of how to assure the people of the best and most widely shared medical care is far from being a political matter.

Something for nothing

DR. HEYD (Charles Gordon Heyd, Columbia University): In the veterans' hospitals I have heard that it takes 29 days to take out tonsils and discharge the patient. In civilian hospitals it takes three or four days.

SENATOR ELLENDER: And you attribute that condition to the fact that in one instance they must pay and in the other they mustn't?

DR. HEYD: The psychology of getting something for nothing.

SENATOR ELLENDER: I know, but isn't the doctor who permits patients to do that largely to blame?

DR. HEYD: Don't forget the doctors in the veterans' hospitals are Government employees.

—From the Senate hearings on the Wagner Health Bill

The familiar non sequitur technique

SENATOR WAGNER: Doctor, you just said that when people get something for nothing there is the psychology that keeps a man in the hospital longer than he should?

DR. HEYD: Yes.

SENATOR WAGNER: Do I understand you to mean by that that people who are poor and helpless and sick and want to get well ought not to receive any care because they can't afford to pay for it?

—From the Senate hearings on the Wagner Health Bill

over the hospitals and run them, when local authorities fell down. In a few years we would see federal general hospitals and medical centers scattered over the country. Before the people realized the sinister direction of this sort of benevolence they would have the reality of centralized political medicine under orders from Washington.

This means that the temporary sidetracking of the health insurance bid for a hospital building program is not to be construed as a culmination of the battle. It is merely a sign that some shift of strategy impends. The vast plans of the Interdepartmental Committee have not been relinquished.

Best sign that political medicine in America is not dead is the evidence that it is a cherished hope of President Roosevelt.

"New order" on the way

BACK IN 1937 the late Senator J. Hamilton Lewis of Illinois appeared on short notice at the annual convention of the A.M.A. in Atlantic City and delivered before its House of Delegates a most remarkable speech. He announced that he had just come from a conference with the President and that he had to deliver "a message coming direct with his authority."

The Senator went on to tell the doctors that a new order was in the making and he was trying to prepare them for it.

> The question for you is not whether you like it or whether you don't. . . . All your past has been that of the doctor and his patient and that won't do. We know nothing about a patient, don't recognize his existence; it is your creation.

Suiting the action to the word, Senator Lewis went back to Washington and introduced a joint resolution to make every physician and surgeon a civil officer of the United States, empowered and required to render medical or surgical aid or to order hospitalization for any impoverished individual. For such services, bills were to be submitted to the Social Security Board for payment.

There are those who insist that Senator Lewis proposed in a forthright if impolitic way to carry out what is in the back of the Administration's mind and what the Interdepartmental Committee would have asked for had they felt there was a chance of getting it.

This brief review doesn't begin to catalog the growth of government paternalism in the realm of health. It says nothing of the future use of a great chain of veterans' hospitals when the veterans need them no longer. It takes no account of the medical functions of the Children's Bureau in the Department of Labor, W.P.A. and others. In fact, there is scarcely a branch of the federal Government without some function that touches the prevention or treatment of disease. Total annual cost of these activities runs from $125,000,000 to $150,000,000. Half of the doctors in the City of Washington are federal employees.

The most ambitious of all is the Farm Security Administration's health interest. F.C.A. lends money to farmers for meeting the cost of sickness. Agents are sent into rural counties to promote the demand for this sort of aid. Various plans have been tried but most

of them leave the situation just about where it was before—that is, the doctors themselves continue to carry a large share of the financial load in treatment of the really indigent farm folk.

Inspired by Washington, the states have enacted a wave of paternalistic legislation. The bill by a Vassar-professor assemblyman in New York requiring the state to pay $75 a head for every child to be born did not pass but it may come up again.

The most dangerous threat in the states is a model compulsory health insurance bill drawn by the American Association for Social Security and already introduced in the New York legislature.

All these activities demonstrate that an effort is being made to change radically the free system of caring for the sick, as we have always known it. The broad purpose is nothing less than the shifting of responsibility from its three-fold traditional base—the individual, the medical profession and the local community—to the federal Government and the states.

Before that change is effected, Americans want to know what they would gain by it and what they would lose. The burden of proof is on the proponents of political medicine. With all its high-powered direction, their propaganda strategy has been rather transparent.

This strategy consists first in picturing how deplorable conditions are. Every survey is made to look as dark as possible by emphasizing all the bad factors and ignoring or minimizing the good. Second stage is the establishment of some collectivist remedy. Third is to build up a statistical impression of improvement in the condition, making it look as good as possible. Fourth is the conclusion that the third necessarily followed from the second.

We are still enduring the first and second stages in this process. A stranger listening to all the clamor would imagine that people are dying in the streets and fields of capitalist America, as some of those amiable Bolshevik publicists continue to say in their state controlled press. What are the facts?

What private medicine has done

ONE FACT is that health has never before been so good in the history of the nation as it is right now. The average expectancy of life is the highest ever enjoyed by any great people since the fabled Methuselah. Between 1900 and 1937 it has been lengthened by 12 years. The death rate has fallen in 100 years from 27 to a low point of 11.2, and compares favorably with any of the large nations of the world. The ravages of tuberculosis, typhoid, diphtheria, pneumonia and a number of other dread afflictions are decreasing. Infant and maternal mortality rates are lower than ever before.

Another undeniable fact is that this steady improvement continued right through the economic depression without faltering. During the five years that followed 1929 there was no interruption in the evolution of life saving. Rather there was, in many respects, an acceleration. If there is any disease that has a direct correlation with economic status it is tuberculosis. But for every one of those five leanest years tuberculosis showed an annual reduction of approximately six per cent in mortality under the preceding year. In spite

They asked for it

SENATOR MURRAY: Is it not true that frequently people are taken to a hospital and won't be given admission unless the costs are guaranteed in advance? Friends have to hustle around the city to secure promises or pledges to take care of the case before it will be accepted.

DR. JOHNSON (Former President North Carolina State Medical Society): That may be true in a few strictly private hospitals.

SENATOR MURRAY: You know of a great many instances of that kind, do you not? You have heard of a great many instances where an operation was going to cost $250 and the people are absolutely poverty stricken and have no means, and they have to get somebody to come in and agree to pay that money if they are going to be taken care of?

DR. JOHNSON: In 30 years of practice I have not known of one single instance like that to happen in my observation.

—From the Senate Hearings on the Wagner Health Bill



EWING GALLOWAY

Government doctor inoculating C.C.C. boys. In the Army or the C.C.C. it's necessary to take them that way. But why make all of us join the army, medically speaking?

of all the inspired croaking to the contrary, the best medical authorities are agreed that malnutrition has not increased.

Dr. Haven Emerson, well known public health authority, said in 1935:

> The American child, boy or girl, before and during the school period is as tall, as heavy, as active and fit at each age as was the case prior to 1929. In many studies the children of the unemployed or otherwise temporarily dependent were better off as to growth and nutrition than previously.

As to facilities for fighting death and disability, we have in the United States 19,000 more physicians than the combined number in Great Britain, Germany (including Austria), France, Denmark, Poland, Sweden, Norway, Switzerland, Belgium and Holland, although the combined population of those 11 countries exceeds the population of the United States by 90,000,000.

Hospitals ready and waiting

WE HAVE, on the average, nearly 200,000 unoccupied hospital beds in this country—about 32 per cent of the total. It is estimated that all but two per cent of the population is within an hour's drive of a general hospital. In the face of this condition, the National Health Program contemplates the construction of new hospitals with a capacity of 180,000 beds. This takes no account of 27 special bills now before Congress proposing the building of additional veterans' hospitals or for expansion of existing facilities.

The Interdepartmental Committee has based its case for more and bigger federal appropriations and federal control in large part on questionable statistics from the U. S. Public Health-W.P.A. survey purporting to show greater incidence and longer duration of sickness among relief workers and indigents than for the rest of the population. But, to the extent that these statistics are reliable, there is an obvious explanation of most of the difference.

W.P.A. workers and other indigents obtain most of their medical care free. Isn't it reasonable to conclude that those who are receiving free medical service through public relief agencies will report more illness and stay abed longer by reason of it than those who pay for this service and whose income stops when they do not work?

The truth seems to be that it is easier to get medical service than food or shelter or any other commodity or service.

No realist contends that all is well in the world, or that there is not reason to strive on for improvement in medicine. That attitude is particularly foreign to doctors, who are men of science and only rarely politicians.

No one is turned away

A STUDY of medical economics literature covering the past ten years will show that all spokesmen for the profession have stood unqualifiedly for the treatment of every one who suffers whether or not he can pay for it. They go even beyond that and insist that there shall be only one quality of service for all who are treated: The best of which they are capable, always.

A. M. A. experiments

During the period 1932 to 1938, between 200 and 300 county societies entered into contracts with relief authorities to provide medical service for the indigent. These were organized to include such protection to the interests of the patients and the public as free choice of physician and economical administration of the always insufficient funds. A number of county societies which have also experimented with medical service bureaus are still in operation and have been helpful to many persons in this class in enabling them to meet the costs of needed medical care. All these plans and all those which are now in operation are considered frankly as experiments to be expanded, restricted, altered or abolished as they prove their value in protecting the health of those served. If they are not found desirable they may be abandoned. The medical society stands the loss in time and money expended, but no political, financial or occupational vested interests are created and left behind to hamper further experiments.

—*Journal of the American Medical Association*



WIDE WORLD

Dr. Thomas Parran, Surgeon-General, U. S. Public Health Service:
"The People of the United States have been healthier during the past six months than at any time in history."
"Medical education and practice must keep pace with advancements in science and with changing social concepts."

But the doctors want to conserve certain values that they say experience has demonstrated. These values are:

1. The doctor-patient personal relationship.
2. Free choice of physician by patient.
3. Medical relief under control of doctors and not politicians.
4. Quality before quantity.

An overwhelming majority of the profession holds to these points as criteria by which to judge health programs written by sociologists.

They know that the doctor deals with mind as well as matter, which means that the family doctor who knows his patient's temperament from repeated association with him can sometimes accomplish results that in the impersonal environment of socialized medicine would be impossible.

They prefer to work for the patient directly. That's why they oppose most forms of insurance in which indemnification is made in service rather than cash. They want to feel that the patient is the boss. They distrust the introduction of middlemen into medical service. They believe in free competition among doctors for patients. They question any system under which the sick have nothing to say about who shall treat them.

Many of the current proposals would provide more examinations, more prescriptions, more hospital admissions. But that sort of quantity, say the doctors, is of doubtful efficacy. They are highly skeptical of the social worker's fanatic faith in mass medicine and what it would mean to their science when applied by political minds thinking in terms of votes rather than of restoring human bodies.

The most profligate waste in the whole spending program comes from its discouragement and destruction of the fine impulse of Americans to help their neighbors in adversity. Governmental services paid for by the taxpayers are being substituted almost entirely for philanthropy.

90 per cent don't pay

DOCTORS have seen it at work more than most of us have. Dr. S. S. Goldwater, superintendent of hospitals in New York City, says that in ten years the nation's hospital capacity was increased by some 300,000 beds, largely through voluntary effort. In the past, according to the same authority, approximately 50 per cent of the people in New York City have been receiving their hospital care and most of their medical care at the taxpayers' expense. The present tendency is for this proportion to become 60 to 70 per cent.

"With federal aid, it is likely to be 80 per cent."

Doctors know the importance of conserving voluntary aid to the poor, because they do so much of it themselves. The A.M.A. estimates that 90 per cent of medical services in hospitals is given gratis by the physicians and surgeons. Fully ten to 15 per cent of the people receive free care in their homes or in doctors' offices. The contribution of the profession is conservatively estimated at $1,000,000 a day.

Another tragic waste is malingering. The social parasite doesn't thrive on voluntary aid, but governmental care is pie for him. And



BROWN BROS.

Free clinics for the benefit of those who can't afford to pay medical fees have been an accepted part of American life for generations—long before social health insurance was ever thought of.

More to come

Some time ago Mr. Roosevelt withheld approval of the Wagner Health Bill because it was "too costly." Real reason was probably the difficulty of raising the money—irrespective of the sum involved. Thus, the hospital act is a stopgap. Or, as Senator Wagner so eloquently declares, "It is the first step in the development of a rounded national-health program."

That the President also regards it as "a first step" and no more is evident in his statement to Congress in which he referred to the Government's study of health legislation and significantly expressed the "hope that such study will be continued actively during the present session, looking toward constructive action at the next."

—*Medical Economics*

From doctors to policemen

We are compelled to tell you doctors that we have got to treat you as officers of the federal Government, and turn you into being such, and ask you to consider yourselves as federal officials taking care of the citizens.

—*Senator James Hamilton Lewis before the A.M.A. Atlantic City convention as the personal representative of President Roosevelt*



BLACK STAR

A German physician says that excessive exercise such as is practiced in regimented countries frequently has ill effects in later life.

Free but, oh, so expensive!

When the President declares that a people cannot afford to build a hospital but can support and maintain it, he has been sadly misinformed. The annual cost of maintenance will equal the cost of production. In other words, if they can't find $300,000 to build and refund in 20 years, how can they raise $300,000 per year to maintain the project? . . . Allen County in Indiana (Fort Wayne, the county seat) and Allen County in Ohio (Lima, the county seat) found it cheaper to pay private hospitals and doctor bills to private practitioners than to own and operate city and county hospitals.

—Medical Economics

Case No. 9238

To socialize medicine is to remove the human touch, to suppress this individualizing of the doctor, it makes of the patient just a case, just as a sick horse is not a patient but a case. . . . Let it be repeated here that the advance in medical requirements has been autonomous action by the medical profession, and not in response to public demand.

—Dr. Arthur E. Hertzler in "The Horse and Buggy Doctor"

every dollar spent to coddle these "dead-head" citizens must be subtracted from the aid that otherwise could be given to those who are worthy of it.

A conscientious check by the American Medical Association reveals large discrepancies between the heated claims of widespread neglect of the medically needy and the actual situation. The state medical society of New Jersey advertised in newspapers asking for information concerning people who had been unable to obtain needed medical attention and offered free treatment to all such. The ads brought only 127 responses from the whole state. Investigators found in every instance that these persons were merely uninformed as to where to go for aid. It was readily available to them.

And yet the National Health Conference spread the story that 40,000,000 people languish in chronic disability because they can't pay for attention!

To those who have had experience with the muddling of government, the demand for more of it in medicine in the name of efficiency has an ironically humorous note. What city has not had scandals in its health department? State and county health departments are little better. It is said that Texas has had 22 state health officers in 23 years. Health department officials may be appointed for their merits but are often selected for political "availability."

In New York recently a dying man was turned away from a city hospital by a receiving nurse because he was not accompanied by a policeman! And the sick man happened to be an employee of the very hospital where he applied for emergency treatment.

How dubious then the prospect of turning over all care of the sick to government.

Government's real health job

PUBLIC HEALTH is the prevention of disease; practicing medicine out on the firing line is the treatment of disease. The twain are vastly different, although some of the subcommittee that considered the Wagner Bill, and Senator Wagner himself, seem not to be clear on that point.

Everyone admits that public health is a function of government. There is even an area in which local government must assume part of the responsibility for medical care to the indigent sick.

This is a long way from the social worker's dream as embodied in Senator Lewis' bill and its more practical but far more dangerous expression in the National Health Program. That dream runs head-on into the professional judgment of 85 to 90 per cent of the nation's doctors, according to a reliable poll. The conflict is not less irreconcilable with the quiet but firm policy of the American Dental Association:

> To oppose to the full extent of its resources every project to provide dental care for the public that is not in the interest of all the people.

Germany, the pioneer, is still the best example of political medicine. A picture of social insurance in that country was given by Gustave Hartz, German labor economist, in 1935.

During Germany's economic crisis, the premium went up from three per cent to 6½ per cent of insured employees' wages. The whole scheme continued to grow and expand its organization until there was one administrative employee for every 200 insured and two of these bureaucrats for each doctor serving the insured. The number of insurance offices rose to 1,100, occupying the finest buildings in many cities and towns.

Sickness becomes a bargain

BUT the worst side of the health insurance feature was its encouragement of hypochondriacs, pretenders and spongers. Those who were paying for insurance and wanted to get their money's worth consulted the doctors several times where once would have sufficed. At one time a comparison showed that four times as much was being spent for doctors' fees and medicine for 35,000,000 insured as for 30,000,000 uninsured. The average length of sickness incapacity per year rose among insured workers from 5.5 to 28 days. The average in the United States, according to the National Health survey, is 9.8 days for all persons not on relief and 16.3 days for reliefers.

These abuses became so flagrant that official account had to be taken of them. One group of 2,008 patients who were drawing sickness benefits was ordered to appear at an insurance office for a special examination. Of these, 816 did not appear but went back to work at once. Apparently they had enjoyed an immediate and complete recovery. Of the rest, 289 were pronounced well. More than half the total had been trying to take a rest at the public expense.

The necessity for closer surveillance by the doctors tended to change the doctor-patient relationship into one more nearly resembling that of detective and suspect. Many honest patients lost confidence in their doctors.

In Great Britain the average Government doctor's panel includes about 1,000 names, and that number of patients means, says the American Medical Association, that, in the busy season, the doctor would have to see in his office about 21 patients a day. But some doctors have up to 2,500 names, which would mean a maximum of about 50 visits a day. That is in addition to any private practice the doctor may have, and to all his home calls. Under these circumstances is there any doubt that much medical service will be of the "lick and a promise" sort? The busy man who goes to see his doctor about a pain in the back had better allow plenty of time for waiting in his office.

The threat of the National Health Program still hangs as a shadow on the land far more sinister than that in Surgeon-General Parran's book of the same title. Only two things have barred its enactment. One is the terrific cost. In itself, of course, this is more of a recommendation than a drawback to the Borrow-Spend-Lend-Scatter school of statesmanship. But its initiation last year would have interfered with other favorite schemes for more munificence to the people, and so the wasters couldn't agree to give it immediate right of way. The other delaying factor is the recalcitrant

We study the Russian plan

Shortly before the New York World's Fair closed, several hundred American doctors accepted an invitation to a discussion of Russian medicine at the Soviet Building. Among the first to arrive was a delegation from the U. S. Public Health Service.

Brick walls do not a hospital make

Recently Morrill, in analyzing hospitals built with federal funds in Michigan, showed that eight hospitals so built were unnecessary, showed that not one of the hospitals could function especially efficiently as a hospital, having no specialists, no laboratory, no X-rays and in many instances being close to large cities with magnificent hospital facilities. He showed, in addition, that not one of the communities in which the hospitals were put down could maintain those hospitals without something like $5 to $8 *per capita* annually as a tax on the local community for the maintenance of the hospital, something far beyond the ability of any small community in the state of Michigan to bear.

—*Journal of the American Medical Association*



"I want no Hitler or Stalin medicine. Old Doc Smith is good enough for me. He ain't let me down yet and the Lord only knows when I'll get around to payin' him what I owe."

private practitioners who constitute most of the medical profession. If they continue to stand steadfast they can certainly defeat it.

Behind the Program are issues much bigger than the more concrete questions we have been discussing here. One is the issue of whether a scientific question is to be decided by listening to those professional men who are learned in that science, or by an appeal to the emotion and the cupidity of the mob. We are told that this is the method of democracy.

Social frauds like compulsory health insurance are insinuated under honeyed words about relieving the sufferings of helpless, poverty-stricken people. But an examination of the Wagner Health Bill reveals that the language does not limit its benefits to the indigent or medically needy. It is drawn to apply to every person, whether needy or not. This is deliberate. It anticipates the establishment of universal State medical service for everybody. That is socialism as unadulterated as if it came from the sanctified pen of Karl Marx himself.

Unless Americans want to sign up for all time they should resolutely resist taking any more of these first steps toward regimentation. Once a social insurance scheme is started, there is seldom any turning back. When people have paid into such funds for years they have an interest that persists. No mere change of administration can correct the evil. The German social insurance system, heavy liability that it has proved to be, has survived two revolutions. From empire to republic to Nazi state, none has been able to get rid of it.

The Health Program is part of the broad effort to sell Americans a planned economy. It is not essentially different from that conceived by Lenin and Stalin in the Russian Five-Year Plans. The Parran-Roche-Wagner scheme is more far-seeing; it is to run ten years. The authors have tackled the "godlike bookkeeping of human destiny that balances results against costs." If they can show a string of hospitals and rows of well selected survey statistics they will count the cost in debt and lost liberties of free men as pebbles in the balances.

Lawyers next

Certainly the lawyers in the Department of Justice must be well aware that an analogous effort to invade and deprofessionalize their own profession has been under way for years and that nearly all the decent lawyers in America have opposed it violently and gone into court time and again to prevent it. All the objections that these decent lawyers have brought against the practice of law by corporations are valid against the practice of medicine by corporations. Both schemes, however artfully they may be disguised, involve the organization of professional men into gangs bossed by laymen and the retailing of their services to all comers. Both are destructive of their professional status.

—H. L. Mencken in "America's Future"

Birds of a feather

We propose adequate medical care of the sick and injured as a social function, right and duty, and not as a private or public charity. This to be financed by taxation, similar to the public educational system or governmental functions, and to be democratically administered.

—From the Socialist Party platform of 1936

Social insurance in all forms (sickness, old age, unemployment, etc.) at State expense, and at the expense of the owners of private enterprises (where they still exist).

—Digest of Section D from the Program of the Communist International

Government medicine at work

I visited the State of New Mexico. I went to Hot Springs. I saw a hospital that cost $2,500,000 accommodating 90 crippled children, built out of Government money. Yet there was not a single orthopedic surgeon in the State of New Mexico to take care of those crippled children. So they import an orthopedic surgeon two mornings a week from El Paso, Tex., on a salary larger than that paid to the Governor of New Mexico in order to take care of 90 children in a hospital in a town of three or four hundred people in the State of New Mexico. That is Government medicine.

—Dr. Morris Fishbein, Editor, Journal of the American Medical Association

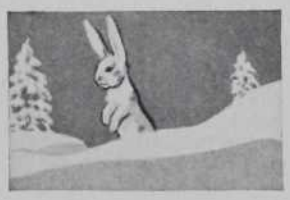
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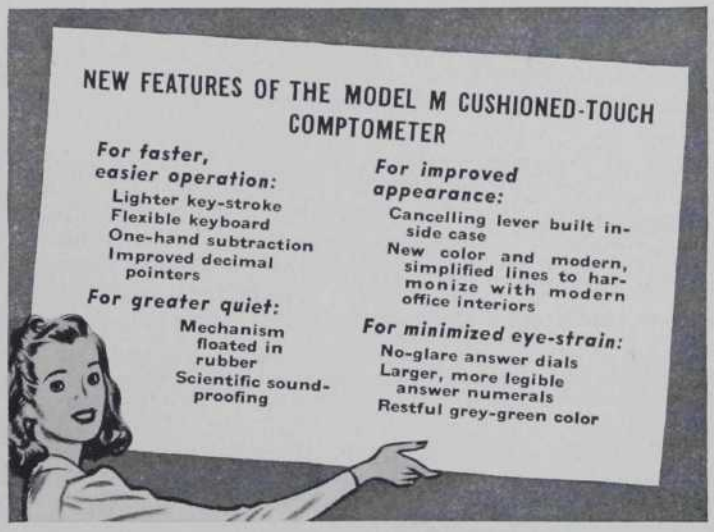




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Washington and Your Business

This Guess Might Be So

A MEMBER of one of the inner circles—they're like the rings around the moon—states that Mr. Roosevelt will not accept a nomination for a third term:

> Reason why, he thinks he might not be reelected. He is sure the nomination is in his hands. He will refuse it in a stirring speech and, while the convention is still trembling, he will offer as his successor Attorney General Robert H. Jackson: "Because he will keep the policies of the New Deal alive."

Jackson is pinkish, partisan and able.

Away, Away, for Fields of Hay

FROM this date, the going will be easier on Capitol Hill. Less attention will be paid to economy measures, important but slow moving bills will either be scamped or postponed, and controversies which consume time will be frowned on. Reason is, of course, the presumed desire of the electorate to see its representatives as a preliminary to the voting in November. Adjournment possible in June, certain early in July.

Calling for Dr. Ben Franklin

IF Benjamin Franklin's skeleton still holds together, its bony jaws are probably spread in a grin. Dr. Franklin was, it may be recalled, an advocate of debt paying and thrift. Administrator Stewart McDonald of F.H.A. reports that:

> Of every ten new home mortgages accepted for insurance last year by the F.H.A. six were for more than 85 per cent of the value of the property while three-fourths were for more than 80 per cent.

The security behind these loans of the Federal Housing Administration, however, is not the small house but the proven integrity of the borrowers. The man who has a record of bad debts and shiftlessness could not borrow a dime if he put up a union station as security. Ben would like that.

Two Business Men at Work

THIS department is under the impression that the F.H.A. position is not due to the provisions of the National Housing Act but to the fact that Administrator McDonald and Frederick M. Babcock, chief of the underwriting section, are both business men. Not politicians, not theorists, entirely destitute of evangelistic tendencies. They have had plenty of experience in real business and have acted on the assumption that borrowers of character will amortize their loans and reduce the Government's liability of loss to a minimum. A new high record for home construction is being made.

Another Way to Kill a Cat

IT'S 100 to one that the $45,000,000,000 debt limit will not be upped by Congress and that no new taxes will be imposed this year. Election's ahead. Neither will the spending be stopped. Election's ahead. Treasurer Morgenthau will fight every effort to bite into the $2,000,000,000 stabilization fund and the President backs him in this. The suggestion that the large lump of silver buried at West Point be coined and issued or that the $18,000,000,000 lump of gold at Fort Knox be put into circulation has not met with enthusiastic response. Technical difficulties are in the way and election's ahead. Yet a new way to get the money has been invented.

Maybe It Will Not Go Through

UNDER the Jones bill, it might be possible for the Secretary of Agriculture to issue bonds based on farm loans. In the past such operations have been ticketed as "contingent liabilities," as in the case of the underwritings by the various federal corporations. If one cabinet member can issue bonds against the borrowings by his Department it would seem only fair that another might do the same thing. Woodring of War might back an issue with Big Guns, and Ickes of Interior might print his own bonds backed by municipal loans for light plants. A big gate opens.

Thunders Over Farm Mortgages

SEEMS possible that the Jones-Wheeler farm mortgage bill, backed by the Administration, may become law. This bill whittles down the interest rate, increases loan ratios to farm values, and will eventually eliminate the cooperative-credit corner-stone of the Land Banks. Unlike the F.H.A., the bill provides that loans may be made on need rather than on character or ability to repay. The opposition charges this will drive private capital out of the lending field and will inevitably result in heavy losses which taxpayers must meet. Up to $100,000,000 annually.

Fury Off to Slow Start

LITTLE attention was paid to the Jones-Wheeler bill at the beginning, but the heat is rising. The situation is a complicated one involving the Administration's seizure of the Farm Credit Administration and the cooperative Land Banks, sociology, charity, new theories of lending, plain politics, farm organization politics, and plenty of personal jealousies. If public interest continues to grow, the bill will be a major issue before the session ends.

May Have Saved S.E.C.'s Hide

WHEN George C. Mathews, Republican, able, open-minded conservative, walked out of the S.E.C. he may have saved that body from future troubles. He was rated as the soundest and strongest member of the Commission and it is reported that the President and Chairman Frank both wish to replace him by a man of whom as much may be said. A stiff-necked radical would ensure trouble but, if a man of Mathews's caliber can be found, it is likely Congress will be willing to give the S.E.C. a further chance to heal its internal scars and modify the policies which have aroused resentment in business. A club is being shaken at it, however.

A Sour Note from Nome

A BUSINESS man of Nome, Alaska, reports that, in the past year, 63 government agents or expeditions have flown into Alaska, been entertained by the local residents, sought answers to 63 questionnaires and flown home again. He does not object, he says, to the waste of his time involved in instructing the young men in the manner in which



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business is conducted, and he realizes that an all-expense flight into the Most Beautiful Land must be a soul-broadening experience but, he mildly wonders, what became of the 63 questionnaires.

Not Easy to Run the Land

CRITICS of government—in the abstract—are invited to entertain the thought that it is not easy to govern a country. Secretary Ickes has, for example, had a hard time in trying to conserve the oil resources. Recently he urged the passage of the Cole bill:

> If states refuse to adopt oil conservation acts of their own then, under the Cole bill, federal officials would be able to step in and insist on procedures in the interest of the whole people.

Those who assent to the proposition that the wastage of oil must be stopped have still been observed to shake their heads sadly over what used to be states' rights.

Hands on Our Coal Buckets

THE headaches of government may be worth another brief paragraph. The Bituminous Coal Division is about ready to go into action. Minimum prices and maximum discounts have been established for all the varieties of coal:

> Registration of distributors is required as one of the means of preventing the sale of coal at less than the established minimum prices.

The Guffey Act, according to Administrator Gray, will only up the average price to consumers 11 cents a ton and will save those producers who have a sale for coal in the competitive market from the necessity of selling below cost. But it would seem that the retail dealer must also be licensed to keep him from overcharging. The next logical step would be the licensing of oil furnaces and wood-burning fireplaces.

Eccles Gets a Decoration

THE member of a Federal Reserve Board spoke in high praise of Head Governor Eccles:

> The gamest little man I ever saw.

There were 40 members of the Boards at the meeting, he said, and every one of the 40 said things about the Eccles' policies that were no less than shocking:

> He never blinked an eye. When a member sat down he always thanked him. Just a nice, courteous little man. Only when some one said something about the President did he talk back.

The member said it was wonderful.

"Yard-Stick" Limbering Up

NOTHING will be done with R.E.A. this year, say the observers. Election's ahead. But so many reports have come in from so many different quarters to the effect that the federally backed rural co-ops are not paying their way that a congressional inquiry is regarded as a certainty for next season. Two in Senator Norris's own state of Nebraska are the latest to be charged with deficits, if interest and amortization are to be book-kept.

Wage-Hour Mess Thick

ROBERT A. TAFT (Ohio senator, presidential candidate) says that Big Business can get along with wage-hour bookkeeping:

> A large corporation can just hire more bookkeepers.

But the small business man, he says, is so beset with wage-hour inquiries that he has no time to watch his business, let alone planning ahead. Wage-hour Administrator Fleming is planning to crack down. Instead of waiting for complaints he proposes to send his investigators afield. Revision of the law will be taken up in earnest next year.

Pea Under the Walnut Shell

HILL-TOP opinion seems to be that there is a possibility that the House may amend the Wagner Act along the lines suggested by the Smith committee.

The suggestions by the House Labor Committee that the Board be increased to five members and that employers be given the right to petition for an election of employees is regarded as a subterfuge by which House action may be delayed. Senate will cooperate in this unless signs fail.

N.L.R.B. Was Circumvented

FOR years one of the oldest brass companies got along without the least trouble with its employees. They had a union of their own, money in the treasury, better than current wages were paid and hours were fine. Then the N.L.R.B. moved in. It ruled:

> The company union must be disbanded.

So the men disbanded their union. Then they formed another union under a different name. They think they can keep on doing this while the list of names holds out.

Praise to Whom Praise Is Due

UNDER the recent reorganization measure sent to Congress by the President, the Civil Aeronautics Administration was given a slight whirl. It had been getting along nicely, so far as the outsider could discover. A family row now and then, but no lamps thrown and few hard words. Again so far as the outsider could discover the professional organizations liked the C.A.A. Then without warning the C.A.A. was scrapped as an independent unit and moved into the Department of Commerce under Harry Hopkins. The impression left by Mr. Hopkins as Secretary of Commerce so far is that he is pale and wan. No doubt he is still a sick man who must rely on the few oldtimers left in his Department, or on the up-and-coming newcomers. No doubt, also, this accounts for many things. But it brings no balm to the C.A.A. A noisy investigation in Congress is not impossible.

Bureau Plays Deuces Wild

THOSE engaged professionally in watching the Federal Communications Commission think there is "something doing." Whatever the something is may wind up in a thorough investigation by Congress. Or, if the wind is tempered in the right quarter, it may discover Chairman J. L. Fly as czar of the radio industry, with powers of the middle, low and high justice. They say that it is certain that, if he goes on as he is going on, nothing can stop him. Nothing has stopped him, in fact. Not even the Supreme Court.

The F.C.C. in Cap and Gown

ALL THE authorities—commentators, news writers, interested lawyers—thought the Supreme Court had put the F.C.C. in its place in the decision of March 25. In the clearest possible language the Court held that:

> The Commission is given no supervisory control of the programs, of business management, or of policy.

Whereupon the F.C.C. continued to dig into the details of business management, and wound up with a flourish by its ruling that television is not yet ready for the market. By way of emphasis, Mr. Fly took $10,000 worth of

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The woman that people will never understand

THERE'S at least one woman in every town whose Private Life is bound to be misunderstood. But only because it *is* so very private.

You know the type. Actually she may be the soul of integrity. No mystery to her at all. She'd probably be amazed to know what people imagine about her—yet it would never occur to her to explain her innocent comings and goings.

That's *her* business, of course—but it's bad business for a company.

People will always form false impressions of what they don't understand. Whether it be an individual or a big corporation, they are always ready to misinterpret too much privacy.

That's why so many big companies today are sharing their family affairs with the public. Not just with their stockholders, their dealers and employees, mind you—but with the millions of solid citizens whose buying habits make the wheels go round.

Does this new business philosophy have any bearing on sales? Well, here's how one sales-minded executive puts it:

"We believe in public-relations advertising because we believe in talking plainly about wages, prices and profits. We've made research as fascinating as a good frontier story. Today people are more loyal than ever to our *product* because we've cultivated their respect for our *company*. We know that public-relations advertising pays, not only in good will but in sales."

THE CURTIS PUBLISHING COMPANY

THE SATURDAY EVENING POST LADIES' HOME JOURNAL
COUNTRY GENTLEMAN

time away from N.B.C. so he could tell the public about it. It is no mere coincidence that the members of the F.C.C. file into the audience chamber solemnly on hearing days, nor that the audience gets to its respective feet until the F.C.C. sits down. The entrance is no more effective in the Supreme Court.

A Bit of Fine Grotesquerie

TEN days after the Supreme Court made its effort to restrain the F.C.C., that body issued Form No. 301, revised, including the questionnaire which applicants for a standard broadcast station construction permit must fill out. It has 42 pages and 42 questions, most of the questions being in three parts. Their searching nature may be grasped by a reading of Part A of Question 13:

> Attach detailed balance sheet showing applicant's financial position, original source of each asset, length of time owned, and, other than cash, the basis of value therefor. Liabilities must be fully described.

If Senator Tobey is not weary of being a hero after his fight with the Census Bureau he might enjoy reading Form 301.

Logan-Walter Bill Stymied

THERE is little doubt that the Logan-Walter bill, framed in an effort to improve bureaucratic procedure in dealing with citizens, would pass both Houses of Congress if it were offered for a vote. There is a practical certainty that it will not be offered for a vote this year. The Administration is against it and, to make the going still harder, the presidential committee headed by Dean Acheson indicated in its initial report a desire to continue its inquiry through the summer.

It is only fair to say that the Acheson committee made out a strong case against making a law of the bill as written.

Rail Labor Asks Job Protection

IN 1941 the "Washington agreement" will expire, by which railroads were bound to compensate workers who lost jobs through rail consolidations. They were not protected when trackage was abandoned, and as 2,138 miles were abandoned in the past fiscal year and there is a prospect for further large scale abandonment in the future, labor officials are concerned. They are trying to have a protective clause inserted in the pending omnibus transportation bill.

One Head-Ache to be Evaded

NOT likely that any determined effort will be made at this session to amend the Social Security law. Election's ahead. Next year the big fight will start. All the states will then be operating under the merit rating system by which employers are given preference in unemployment compensation taxes in accordance with their record of stability of employment. The Soc. Sec. Board is arguing with Congress that the rate of compensation should be increased rather than lessen the tax rate. Theoretically, if all employers had perfect employment records, no unemployment taxes would be collected, which the Board would not enjoy.

Seems to Be Just Dream

NO indication that a Federal Power Authority will be created this year, as planned by Corcoran, Cohen and Norris. The plan rests on the St. Lawrence power and waterway treaty, which is not likely to be stirred too violently before election. If nothing is done about St. Lawrence there will be no Big Grid, and, without the Big Grid, there will be no place for a Power Authority.

Gen. Coxey Is At It Again

FORTY-SIX years ago "Gen." Jacob Sleicher Coxey marched his Army into Washington. The coppers made the Army get off the grass, the General was landed in the hoosegow, and the nation heard for the first time of his non-interest bearing bonds. The General returned to Washington the other day in a Pullman and is living in a handsome hotel suite. He said cheerfully:

> I'll live to see the Government issue my non-interest bearing bonds yet. Shucks, that's the only way out. If they'd leave it to me I'd issue $55,000,000,000 or $60,000,000,000 of non-interest bearers, pay off the deficit, reestablish bank credit, and we'd be on our way. I've been right all the time.

Export-Import Bank Notes

NOW that the Export-Import bank has had its strongbox refilled, it might be worth while to call attention to a note which was sounded by J. Reuben Clark, of the Foreign Bondholders Protective Council:

> Six Latin-American countries having a favorable balance of trade with the U. S. made no interest payment on their bonds in 1938. Four countries which had an unfavorable balance with us paid bond interest in full.

He argues that the Latin-American countries who do not pay can pay, "if they really had the will to pay."

Interstate Scrub Women?

THAT suit filed by the Department of Labor in New York against the owners of a loft building seems to have disturbing implications. The building is given over to manufacturers in the garment trade. Said the Government:

> Almost all the materials are received and shipped through interstate commerce.

Under the wage-hour division's interpretation of the law, the service operators are aiding in interstate commerce and if they work overtime must be paid at time and a half. Twenty-nine did work overtime and, if the building owners lose the suit, they will be mulcted in large sums. If the wage-hour division succeeds in New York it can succeed anywhere. The total sums involved are incalculable.

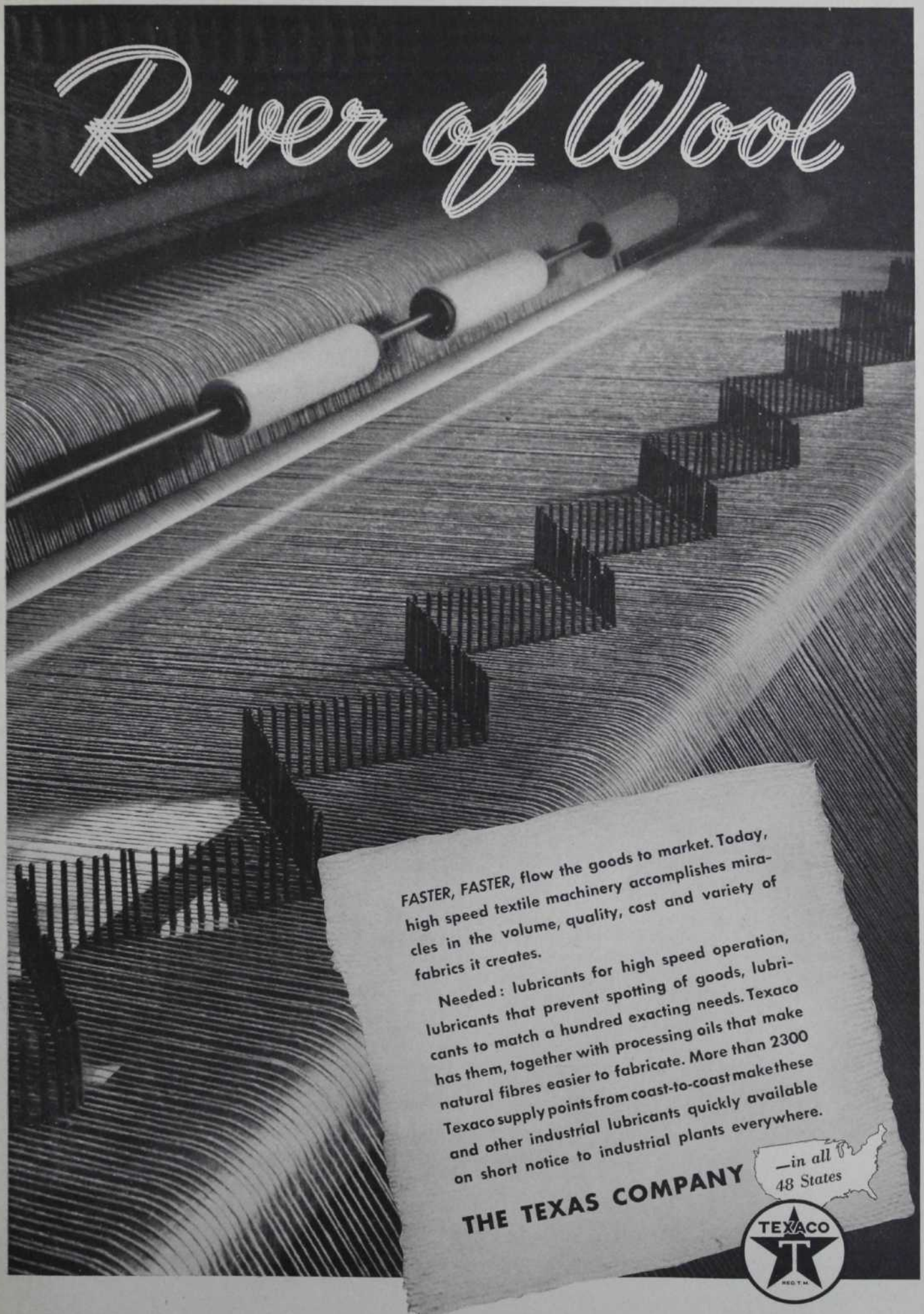
Patman's Bill is Blocked

REPORTS are that Representative Patman's anti-chain store bill is buried for the rest of the session. Amendments added too many chains to the groceries for which Mr. Patman has been gunning, and it will probably stay in committee. That would compel Mr. Patman to introduce it all over again when a new congress convenes, under the handicap that the present congress has not relished it.

T.V.A.'s Tax Bill Just an Ante

TESTIMONY before the House Military Affairs Committee has shown that, by withdrawing land from the taxing power of the states and minor subdivisions, the T.V.A. has reduced scores of communities almost to bankruptcy. They want the federal Government to do something about it. The real significance of the committee's hearings, however, is that there are scores of other communities in the same fix. They will be next in line.

Herbert Corey


River of Wool
FASTER, FASTER, flow the goods to market. Today, high speed textile machinery accomplishes miracles in the volume, quality, cost and variety of fabrics it creates.
Needed: lubricants for high speed operation, lubricants that prevent spotting of goods, lubricants to match a hundred exacting needs. Texaco has them, together with processing oils that make natural fibres easier to fabricate. More than 2300 Texaco supply points from coast-to-coast make these and other industrial lubricants quickly available on short notice to industrial plants everywhere.
THE TEXAS COMPANY
—in all 48 States
TEXACO
REG. T.M.

MAN TO MAN in the MONEY MARKETS

By CLIFFORD B. REEVES

Wall Street Fights Back

WHEN WALL Street was undergoing various reforms in recent years, there was little public sympathy for its plight. The Street, however, took its beating manfully, knuckled down under government regulation and did its best to adjust itself to the new rules.

With necessary broad reforms accomplished, the Street then hoped that it would be allowed to perform its useful functions unhampered. Its house had been cleaned. It lived in a goldfish bowl under the glare of pitiless publicity. It was regulated with a completeness to which no other type of business had ever been subjected.

But still the pressure did not cease. It seemed that the Government would be satisfied with nothing less than complete extinction of private finance. Capital markets were stagnant. Market volume was at an all time ebb. Employment in the financial district had dropped by 200,000.

At that point, the pendulum of public opinion began to swing back in favor of Wall Street. Large sections of the public felt that the financial district had been thoroughly chastised, and was merely being kicked around unnecessarily. A growing realization developed that investment bankers and brokers, after all, perform highly necessary functions in the country's economy, and that they were entitled to live without continuous persecution. People even began to say nice things about them.

Corporations began to complain about the difficulties of obtaining capital and about the costs and delays involved in registering new securities. They contemplated with alarm the possibility of the breakup of the investment banking machinery. Investors began to complain about the dearth of suitable investments, and about the depressing effect of over-regulation on security values. They complained also about the thinness of markets and about government competition with private business that led to the destruction of security values.

Encouraged by this new evidence of public support, the Street has abandoned its earlier policy of conciliation, and has decided to fight back. First gun was the attack of the Investment Bankers Association on recent S.E.C. actions and the demand for a congressional investigation of the Commission's activities. The Stock Exchange has adopted a more aggressive attitude in its negotiations with the S.E.C. George P. Rea, President of the New York Curb Exchange, has called for review and revision of the Securities Act and the Securities and Exchange Act. Responding to all these demands, Representative Fred L. Crawford of Michigan has introduced in the House a resolution calling for a thorough investigation of S.E.C. affairs.

There is no question that the nation's financial machinery is badly jammed, and that this condition, more than any other one thing, is holding back further recovery and employment. The financial community charges that the S.E.C. is responsible, at least in part, for the stalemate. They charge that the Securities Act and the S.E.C.'s administration of it have resulted in the stagnation of new capital markets; that the S.E.C. has exceeded its authority under the Acts it administers; that too stringent regulation of markets has reduced the volume of trading and caused markets to become dangerously thin and sensitive; and that normal and healthy speculative interest has been discouraged to the point at which venture capital has almost ceased to exist.

Mickey Mouse in Wall Street

WHEN a banking group headed by Kidder, Peabody & Co., recently offered an issue of convertible preferred stock of Walt Disney Productions in accordance with the cut-and-dried requirements of the Securities Act, many imaginative Wall Streeters thought longingly of the picturesque methods that might have been used to promote the sale of the issue.

When Mickey Mouse and the other famous Disney characters come to Wall Street, that's a publicity man's dream. Just imagine the Seven Dwarfs parading through the financial district, singing, "Hi-Ho! Hi-Ho! To Wall Street we must go!" then unslinging their picks and digging for gold on the corner of Wall and Broad Streets. Or Snow White singing from the balcony of the Stock Exchange. Or Mickey and Minnie walking through the banking district, looking at the tall buildings.

How much more attractive the offering advertisement would have been if it had been decorated with the whimsical Disney characters. If Donald Duck had been included in the advertisement to quack, "The price is $25 a share!" it doesn't seem as if any investor would have been misled or deceived; but the law says such wicked and immoral things must not be done. The Securities Act certainly takes a lot of fun out of life!

The Disney stock offering indicated that even whimsy has to be financed. The proceeds of the offering, amounting to $3,875,000, were to be applied to repayment of bank indebtedness and to supply new capital for expansion and increased production facilities. The prospectus revealed that Walt Disney Productions had earned $1,250,130 net in the 12 months ended September 30, 1939. Another interesting point brought out in the prospectus was that the company had arranged an insurance policy of $1,500,000 on the life of Walt Disney, to reimburse stockholders in case the Company should lose its chief asset—Mr. Disney's imagination.

Regulation of Investment Trusts

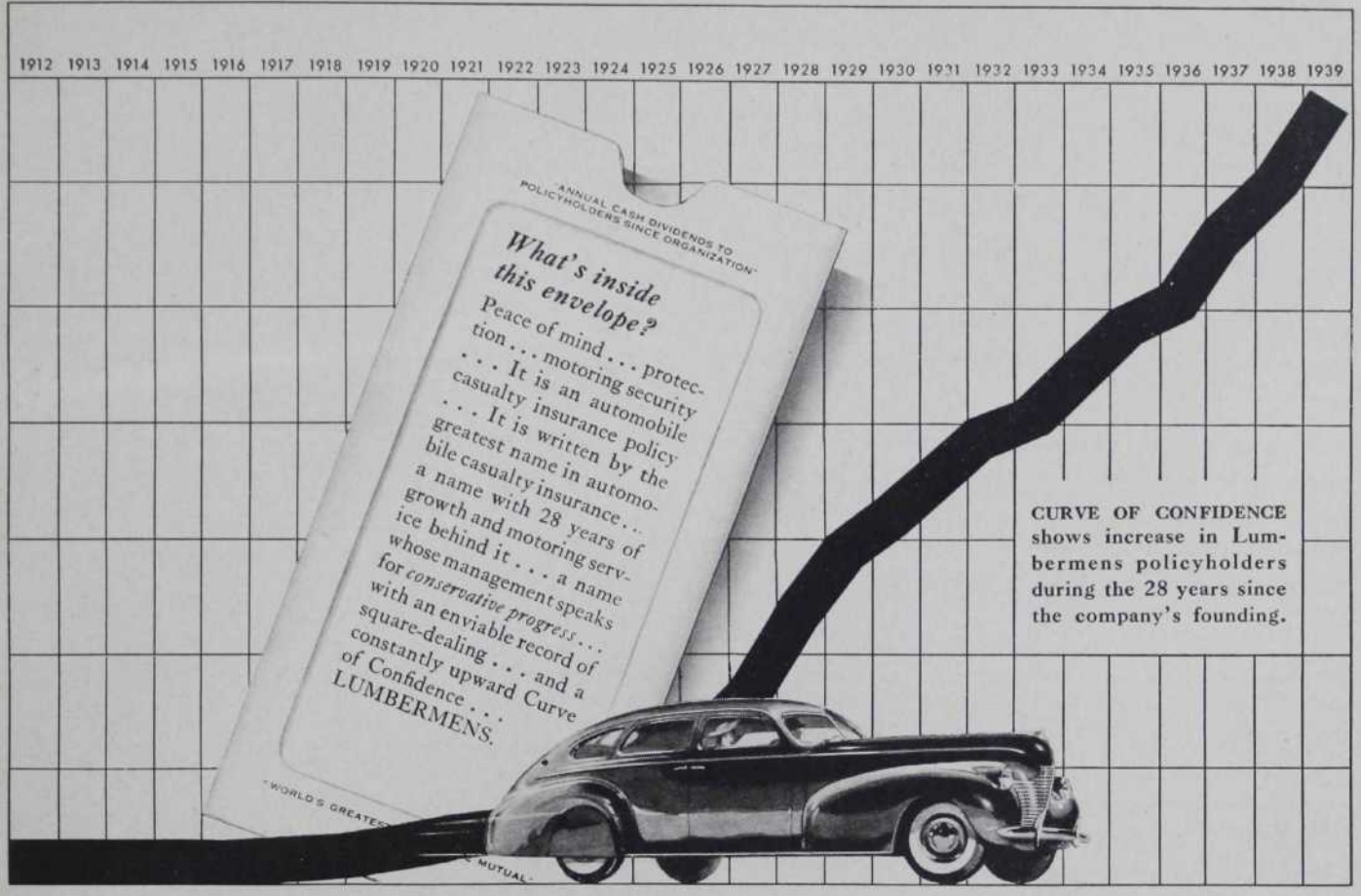
AFTER four years of investigation of the investment trust business by the S.E.C., the long-awaited bill for regulation of that business was finally introduced into Congress. The general feeling in the financial community was that the S.E.C. had "missed its market" as a result of its overlong study and delay.

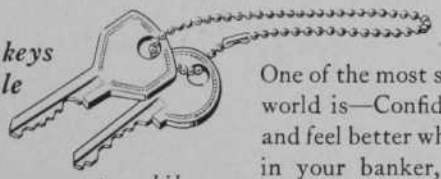
The testimony presented by S.E.C. witnesses before the Senate Committee in support of the bill justified this belief. It was largely a rattling of old skeletons, a chamber of horrors that existed in pre-depression days. It had little relation to the present-day investment trust business, which has gone far to cure its own past abuses and excesses.

Although not welcoming regulation, the trust business has been ready to consent to a reasonable bill that would do no more than help to cure abuses. The actual terms of the bill,

FOLLOW THE CURVE OF CONFIDENCE

WHEN YOU BUY YOUR NEXT AUTOMOBILE INSURANCE





These automobile keys stand for all people who drive cars

No one wants to have an automobile accident. Yet daily papers keep on headlining them.

Good automobile insurance is a great investment, even if you never have an accident. It is worth a lot to know that you have done your duty to others and yourself.

But if an accident should occur, good automobile insurance is pocketbook, lawyer and repair man, all in one.

One of the most satisfying feelings in the world is—Confidence. You sleep better and feel better when you have confidence in your banker, your doctor—anyone with whom you do business.

A great army of motorists has found in Lumbermens an insurance company worthy of their confidence. Starting with just a handful of policyholders in 1912 (year of founding) *Our* Curve of *Their* Confidence has climbed steadily upward—and is still climbing.

Naturally, as the number of policyholders increases, so do assets (now more than $35,000,000). So does net surplus (more than $5,000,000) and so does opportunity for trustworthy service.

If you are a responsible driver (no others need apply) we believe Lumbermens merits your consideration for your next automobile casualty policy.

We believe our new policy-features offer the most comprehensive protection in the field, and that our rates are as economical as you can find—commensurate with safe protection.

Lumbermens service is nationwide. One of our representatives is located near you. Ask him to figure on your next automobile casualty policy.

Lumbermens

MUTUAL CASUALTY COMPANY

SERVICE · SECURITY · SAVINGS FOR MOTORISTS

JAMES S. KEMPER, President *Home Office: Mutual Insurance Building, Chicago*

Operating in New York as (American) Lumbermens Mutual Casualty Company of Illinois

COMPLETE!

A WATCHCLOCK FOR EVERY NEED

● No two plants are alike—no two inspection problems alike either.

Your responsibility may be a large factory containing hundreds of shops and offices, with acres of yard space. Or your plant may be a small one requiring a watchman to keep guard over a single room.

But regardless of the size of your plant or the particular inspection problem you face, there is one watchclock exactly suited to your needs.

This is why the Detex line is so complete—why it includes four types of portable clocks as well as stationary and electric clocks.

Detex is the only company manufacturing a complete line of watchmen's clocks—hence Detex is the only company in a position to give you unbiased advice on your watchclock problem.

Ask the Detex agent nearest to you or write direct for full information on a system exactly suited to your needs.

PATROL WATCHCLOCK ONE OF THE DETEX LINE



DETEX WATCHCLOCK CORPORATION

80 Varick St., N.Y. 4153 Ravenswood Ave., Chicago, Ill. 29 Beach St., Boston. 116 Marietta St., Atlanta. Rm. 800

NB-5-40

DETEX

WATCHMEN'S CLOCKS

NEWMAN • ECO • ALERT • PATROL

however, shocked representatives of the business into strenuous opposition.

Although professing to attain relatively simple and sound objectives, the Wagner-Lea bill for federal regulation of investment companies is a highly complicated piece of legislation, running 104 pages and including many highly controversial subjects. In the opinion of those engaged in the trust businesses, it goes much farther than is necessary to cure possible malpractices.

One of the most serious objections to the bill is that it delegates such wide discretionary authority to the S.E.C. Trust managers maintain that the Wagner-Lea bill will not subject them to regulation by statute, but to personal regulation dictated by a constantly changing commission personnel. Fifty-one different places in the bill give the S.E.C. legislative power. In addition, an "omnibus" clause grants the Commission the right to issue regulations that it deems "necessary or appropriate."

This same word "appropriate" appears in the Public Utility Holding Company Act, and, under the authority granted to it by this broad language, the S.E.C. recently presumed to forbid the Consumers Power Company to issue $10,000,000 of bonds on the theory that an issue of common stock would be more "appropriate." This decision has been widely criticized as an unwarranted invasion of the rights of private management.

Moreover, the bill does nothing to attract better management to the investment trust field, except to bar known criminals from participation in the business. On the other hand, its many complicated provisions as to who may and may not serve as a director, manager or investment adviser, will bar many well qualified individuals without good reason.

The bill would also involve the trust business in endless red tape and bureaucratic procedure, including registration, reports of various kinds, and the filing of literature, correspondence and records. Much of this procedure seems without point, while other phases of it represent mere duplication of procedure already required under existing laws.

The bill denies to investment trusts in the future the right to issue senior capital—bonds or preferred stock. Trust managers point out that, if this prohibition can be saddled on their business, it may later be imposed on other types of business corporations. And anyone who engages in the organization of an investment trust is prohibited from participating in the organization of another for five years. This is widely regarded as an unconstitutional attempt to limit the right of a business man to organize legitimate business ventures as often as he pleases.

By providing that no group of individuals shall constitute a majority of the directors of two or more trusts, the bill, without good reason, disrupts many long-standing business relationships that are fundamental to the "group operation" of investment trusts, a method that has been followed successfully in this country and in Great Britain for many years.

Trust managers, in discussing the general philosophy of the bill, point out that it sets a precedent for similar regulation of many other types of business under the guise of "investor protection." If investors in trust securities need such legislative protection, why not investors in steel securities or automobile company securities?

Corporation Profits in 1939

THE annual reports of 1,015 industrial and mercantile companies for 1939 show combined net earnings of $2,058,000,000, an increase of 63 per cent over the combined earnings of $1,224,000,000 reported for 1938, but still 15 per cent below the 1937 total of $2,435,000,000.

A study of this subject made by the New York Federal Reserve Bank shows that, in 1939, 61 per cent of all corporations in the group reported an increase in earnings. Only nine per cent reported deficits, as against 24 per cent reporting deficits in 1938. Seventeen per cent that had reported deficits for 1938, enjoyed a profit last year.

The largest percentage gains in earnings were reported by companies in the durable goods field.

The Battle of the Exchanges

A FIGHT is brewing between the New York exchanges and the other security exchanges throughout the country as to the rights of the latter to conduct trading in stocks listed in New York. To protect its business, the New York Stock Exchange recently invoked a rule requiring any of its members who are also members of out-of-town exchanges to refrain from executing on other exchanges any orders for securities listed on the New York exchange.

The S.E.C., which many New York brokers feel would like to decentralize the business now done in New York, has emphasized the point that the two big New York exchanges now account for 94 per cent of the total business of all the exchanges of the country. This might seem to give the other ex-

changes a strong case, on the theory that they have a right to live, too, and are getting little enough of the business now. But there is more to the story than that.

The original purpose of exchanges outside of New York was not to conduct multiple trading in securities already listed in New York, but rather to provide an exchange market for local securities not listed in New York. When this business dwindled in recent years, the smaller exchanges began to seek additional listings of New York issues to supplement their business.

As a result, trading in stocks that are listed in New York accounted for 52 per cent of the volume of out-of-town exchanges last year, as compared with only 29 per cent in 1937.

This indicates that outside exchanges in recent years have substantially increased their percentage of business in New York stocks. The high transfer taxes in New York State have encouraged this movement of trading out of New York.

Many financial people who have no selfish interest in the controversy feel that, except for possible savings in transfer tax costs, the interests of investors will not be served by development of this "multiple listing" idea. They point out that the primary function of an exchange is to concentrate all the bids and all the offering for a security in one place, so that the investor can obtain at all times the best bid and the best offer available anywhere merely by applying to one market—not a half dozen or more markets.

Annual Report of the Exchange

IN SPITE of a continued reduction in its operating expenses, the New York Stock Exchange again suffered a substantial loss last year. The net loss of the Exchange and its affiliates for 1939 was $1,149,373, as compared with a loss of $1,548,417 in 1938.

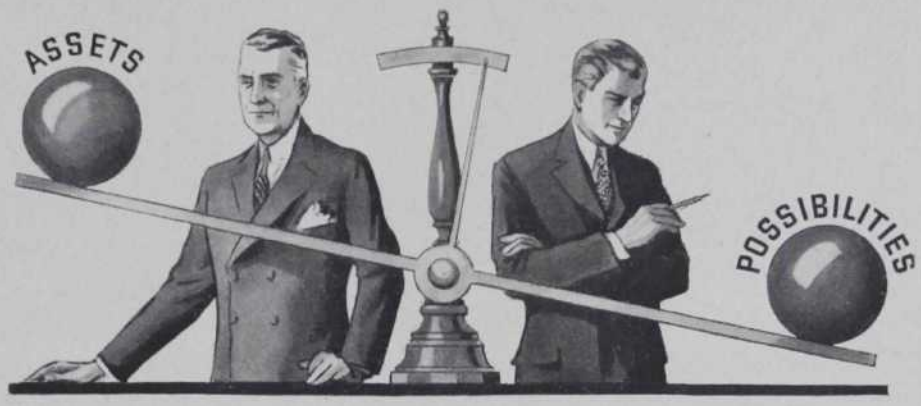
A reduction of $725,000 in operating expenses was partially nullified by a drop of $320,000 in gross income. Revenues were adversely affected by the small volume of trading on the Exchange.

Trading in 1939 was the lowest for any year since 1923.

Another reason why the Exchange finds it so difficult to get out of the red is that it has far more real estate than is needed for its present operations.

Heavy taxes on this unneeded real estate accounted for a substantial portion of the year's operating deficit. The real estate tax bill of the Exchange and its affiliates last year exceeded $617,000.





OPEN ACCOUNT FINANCING WINS IN ACID TEST

Potential Sales Offset Discouraging Statement in Weighing Credit Worth

PUT yourself in the shoes of the President and principal stockholder of the Phoenix Company,* organized after the purchase of a bankrupt property appraised at around $275,000. Urgently in need of working capital, his first financial statement showed quick assets of only $42,000, including an estimated inventory of $35,000. Actual liabilities were about $50,000.

Given that picture, and no record of earnings, where would you go to attempt any borrowing, or permanent financing? Or, if you were a banker, how far could this application get with you?

Here's what actually happened. This company made inquiry regarding our Open Account Financing Service. We examined their statement, considered the character of management and the *potential* sales and earning capacity of the business. On this evidence, we promptly agreed to accept receivables for immediate discount, and the company's financing ceased to be a problem.

P. S. (FIVE YEARS LATER)—This concern is doing a business of about $800,000 a year. The last available statement shows quick assets of $208,000 over current liabilities of $119,000. Fixed assets are now carried, after depreciation, at $360,000, against which there is a mortgage of only $30,000. Open Account Financing carried the company through this period of growth.

* * * *

Though we serve many clients who require millions of dollars annually, we cite this record as a striking example of the ability of OPEN ACCOUNT FINANCING to succeed, where conventional methods might not even have been available. Investigate its possibilities for your business. Is your capital tied up in inventory? Investigate our Inventory Finance Plan. Write for "COMPARATIVE COSTS OF FINANCING." Address, Department "NB."

**A fictitious name, but the facts and figures, taken from our records, can be certified.*

COMMERCIAL CREDIT COMPANY

"Non-Notification" Open Account Financing

BALTIMORE

BOSTON NEW YORK CHICAGO SAN FRANCISCO LOS ANGELES PORTLAND, ORE.

CAPITAL AND SURPLUS MORE THAN $60,000,000

How Population Affects Markets

By WILLIAM F. OGBURN

THE rate of growth has slowed down. In 30 years it will start to decline. Business must adjust itself to handle changing and decreasing customer lists



MCMANIGAL

Man's consumption of food can be contracted or expanded only slightly, making an inelastic demand for food products



H. ARMSTRONG ROBERTS

Number of non-producers will decrease in next decade



MCMANIGAL

In next 10 years old people will increase 25 per cent—total population only five

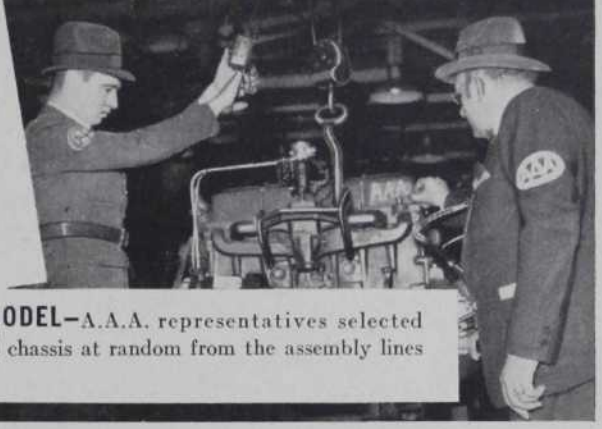
A LARGE manufacturer with a nation-wide market told me in 1931 that he was going to build plant extensions on the basis of an estimated population in the United States in 1940 of 140,000,000. He arrived at this estimate in the following manner: He knew the population had grown for the past three decades by 16,000,000 every ten years; and he figured 16,000,000 more added to the 1930 population would give his estimate in round numbers. His methods were too crude and I stated that there was a highly developed science of population prediction which indicated a population of about 132,000,000 in 1940. Actually in 1940 we know that the population has only increased by approximately 8,000,000, or half as much as in the previous decade, making a present population of 131,000,000 or 132,000,000. We know this though the census count has not been taken at the time of this writing.

The growth of our population is declining. Will it continue and how far? From 1940 to 1950 the addition by natural increase will be around 5,000,000. By 1970 we are likely to have ceased growing in population. From a maximum of 145,000,000 or 150,000,000 there may be, in the closing quarter of the century, an actual decrease in population.

These predictions, resulting from elaborate technical calculations, are based upon careful measurements of trends in birth rates, upon life table studies, and on shifting age composition. There is no disagreement among the different scientific specialists in this field as to the general conclusion. There is some divergence in the maximum expected and the period when stability will be reached. The extreme estimates are from 140,000,000 to 160,000,000, and the

Truck Buyers Demand Facts— CHEVROLET TRUCKS *are backed by Certified Proof!*

100,000 MILES at less than ½¢ a ton mile!



STOCK MODEL—A.A.A. representatives selected engine and chassis at random from the assembly lines at Flint.

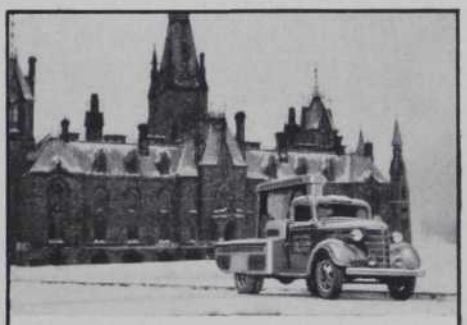
NEVER before was a truck subjected to so conclusive a test as that which a stock model 1½-ton Chevrolet, with a 2¼-ton load, underwent between January 11, 1938, and January 19, 1940, covering 100,015.9 miles under working conditions.

Every mile was under the observation of the Contest Board of the American Automobile Association, whose certificates of performance are recognized in this country and abroad as official.

CHEVROLET MOTOR DIVISION
General Motors Sales Corporation
DETROIT, MICHIGAN



OFFICIAL LOGGING OF RUN—Every item of cost was entered in detail by A.A.A. observers on the truck.



AT CANADA'S CAPITAL—The truck left Detroit January 11, 1938, for Ottawa, to start its trip to Mexico City.



UP PIKES PEAK—After 52,319 miles, the truck climbed to the summit of Pikes Peak without trouble of any kind.



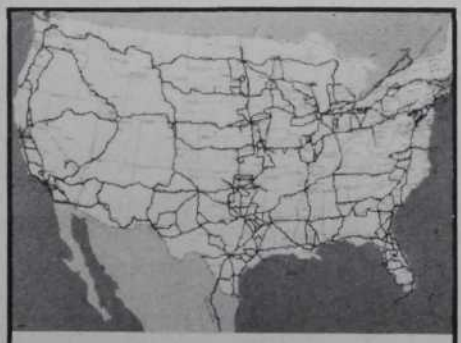
AT DEATH VALLEY—The test went from 14,000 feet altitude to 280 feet below sea level—meeting every condition of highway.



STILL GOING STRONG—For the last 10,000 miles, the oil mileage was better than for the whole run.



INSPECTION AT FINISH—Many working parts were still within production dimensions; none was unfit for further service.



100,000-MILE TEST ROUTE—Canada and Mexico were included in the test. Each of the 48 States was visited at least twice.

Here's the Record!

Number of miles	100,015.9
Payload (exclusive of driver and observer)	4590 lb.
Gross weight (with driver and observer)	9260 lb.
Average speed	33.07 miles per hour
Average miles per gallon of gasoline	15.10
Miles per quart of oil consumed	1072
Oil actually consumed	93.29 quarts
Total operating cost per ton mile, including gas, oil, lubrication and repairs and replacements (including twelve tires)	$0.00419



No farming community, village or city will escape population changes—not a single business will be unaffected



Diminishing population is felt first in the ages of infancy and childhood—that impact was keenly felt in the 1930's



There are 200,000 vacant farms a year, but 400,000 new farmers. Farms will tend to become smaller or have to support larger families

period of maximum population varies a decade or so around the middle of the latter half of the century.

The effect of this slowing up of population growth is far reaching. There is not a single business that will not be affected. No farming community, village or city will escape these changes and every business must have people for labor and for a market.

What will be the effect of a declining



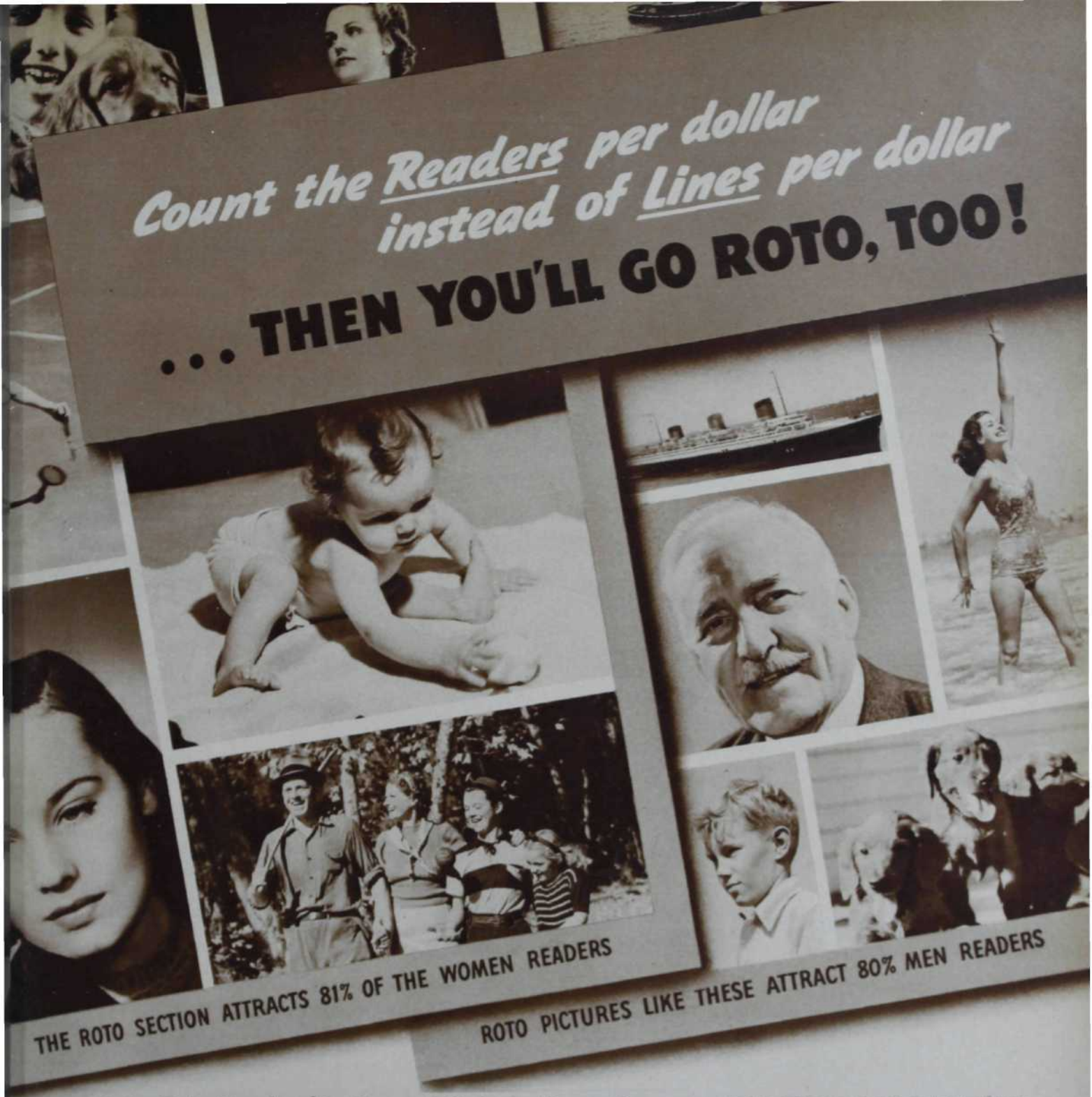
Building trades are more concerned over slump in number of families

rate of growth? Thomas R. Malthus, English economist, in 1798 argued that a small population, other things being equal, meant a higher standard of living than did a large population. The average individual would thus be better off, and would represent more purchasing power for the goods business offers for sale. In all countries of the world this proposition that a smaller population brings a higher *per capita* standard of living is probably true, though it was not true in the United States during its early history when the continent was nearly empty. While a smaller population means a higher *per capita* income, such may not be the case during the transition period when the population is becoming smaller. It may be, for instance, that the shift from a larger to a smaller population will be accompanied by unemployment or other disorganization which will reduce the average plane of living. The concern of America in the next 25 years is not with a small stationary population, but with a slowing up of population growth.

The income of the average man is of great importance for business; yet the specific subject of this article is not the income of the average man, but rather the income of the average business—that is, how business will fare because of the present population changes. Will fewer

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people mean a reduction of unemployment and a shortage of man power for industry? This question is putting the cart before the horse, for the shortage or surplus of labor depends upon the market for goods to be sold. If the demand is great, a shortage of labor might result, but if there is a slump in demand there will be a surplus of labor. The question then is, how will the market be affected by these population changes? A first answer is that the number of purchasers will not be increasing as rapidly as they were in former decades. Hence, a duller market would be the result, if population change is the only factor, even though there is some increase in population.

Business geared for expansion

IN A western city where I once went to live the population had been doubling each decade; but during the decade that I was there the population increased only 30 per cent. It was like a depression, for business was geared to a market expanding at a very rapid rate. Plant construction, capitalization, production and debt reduction were all based on the idea that the population would continue doubling each decade. Indeed, under the spell of the optimism there were some businesses that acted as though the population might even treble or quadruple. Hence, an increase by a third, which would be large for most cities, meant in this case economic distress.

The experience of the United States during the past decade resembles that



EWING GALLOWAY

A smaller population brings a higher per capita standard of living, but there is some doubt that mass purchasing power will be greater



BROWN BROS.

Immigration like that of earlier days is the easiest way to stop population decline, but we will have none of it



EWING GALLOWAY

Houses will be more difficult to sell when population growth slows down



ACME

A shift from a larger to a smaller population is likely to result in a surplus of labor during the transition period

TO THE EXECUTIVE WHO HAS THE PROBLEM OF LOANS TO EMPLOYES

WHEN an employe comes to you for a loan, you want to help him. For his own sake—and because a worker who's worried by bills can't do his best work. Yet your company probably feels that it can't attempt to finance the emergency needs of *all* your employes—that such a task should properly be undertaken by a lending organization.

Where wage earners may borrow

What service should this organization provide? How should it operate? Answers to these questions have been given by the Russell Sage Foundation, an impartial fact-finding organization. The recommendations of the Foundation are embodied in the legislation of almost every state with a small loan law. Twenty-seven states have passed such legislation. In these states Household Finance service provides an opportunity for the wage worker to borrow cash for emergencies on terms he can readily meet.

At Household Finance responsible workers can borrow $20 to $300 on their character and earning ability—in a simple private transaction. No endorser or bankable collateral is needed. No wage assignment is taken.

Borrowers repay their loans in monthly installments which average less than 8% of their monthly income. Thus they can get out of debt without sacrifice of living standards. Below are some typical loan plans. Each borrower may choose the plan which best fits his needs and purse.

AMOUNT OF CASH LOAN ▼	AMOUNT PAID BACK EACH MONTH Including All Charges				
	2 mos. loan	*6 mos. loan*	*12 mos. loan*	*16 mos. loan*	*20 mos. loan*
$ 20	$ 10.38	$ 3.63	$ 1.95		
50	25.94	9.08	4.87		
100	51.88	18.15	9.75	$ 7.66	$ 6.41
150	77.82	27.23	14.62	11.49	9.62
200	103.77	36.31	19.50	15.32	12.83
250	129.71	45.39	24.37	19.15	16.04
300	155.65	54.46	29.25	22.98	19.24

Above payments figured at 2½% per month and based on prompt payment are in effect in New York and ten other states. Due to local conditions, rates elsewhere vary slightly.

Families learn money management

Last year Household made over 800,000 loans to families faced with emergency money problems. To these borrowers Household also gave help in money management and better buymanship, showed them how to get more out of limited incomes. Household's booklets developed for this work are now used in hundreds of schools and colleges.

Wouldn't you like to know more about this service for your employes? The coupon will bring further information. No obligation!

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Address.....

City.....*State*.....

of this western city, but to a much smaller degree. The depressions of the 1930's, though, cannot be attributed wholly or probably even largely to population changes.

During this period of lessened growth of population there was no shortage of labor; rather, the number of unemployed was unprecedentedly large. The halving of the growth during this decade may well have been a factor in the prolonged depression, though it is only one factor. The influence of population change, then, may be overshadowed by other influences as, for instance, war, export of capital, politics, and others. This article is concerned not with what will be the state of business in the next 25 years, but what would be the effect on business of the one factor of population change, if it were acting alone.

The slowing up of population growth has the same type of effect as an actual decline in numbers. While there will be no decline in numbers in the United States during the next decade, but an increase, nevertheless the number of consumers who are not producers will probably not increase. The number of potential producers will become larger. The population from 20 to 55 years of age is expected to increase in the ten years ahead from 65,000,000 to 71,000,000, while those who are older and younger, that is consumers but not producers, will remain at 68,000,000. The numbers of young, under 20, that is nonproducers, will actually decrease in numbers from 59,000,000 to 41,000,000 during the decade if the birth rate continues to fall as it is doing now. More producers and fewer consumers do not argue for a seller's market.

Capital growth encouraged

ON THE other hand, since there will be fewer children for the adult working population to support, this condition will be favorable for saving. This sum may be large since it costs several thousand dollars to rear a child to productive ages; the estimates vary from four or five to $10,000. Fewer children would seem to be an incentive to capital formation which in the long run spells economic progress. Fewer children is a fact existing today. Nearly all the cities have fewer children in the first grade now than in the second. Even the census of 1930 showed fewer children under five years old than between five and ten years of age.

But there will also be more old persons to support, which counterbalances somewhat the lessened expenditure for rearing fewer children. Nevertheless, the ratio of population of working age to those too old and too young for work will be larger in ten years from now than it is today. This possible saving by adult workers may, of course, go into capital formation or for additional consumer purchases.

If money is not spent for children, it may be spent for adults. But this favorable situation for capital outlay or for adult purchases will not exist if considerable additional unemployment results from this excess of producers over consumers.

The effect of prospective population change on unemployment is therefore a major question. Unemployment is first of all a human tragedy, one of the greatest that may befall a person, and it appears callous to refer to unemployment as merely units of purchasing power. But from the point of view of business accounting it must be seen from this angle.

Purchasing power may drop

IF DECREASING population means more unemployment, the average *per capita* purchasing power may decline even though the income of those employed rises. Employment and unemployment, though, are functions of other factors than population decline as, for instance, the business cycle and capital outlay. The immediate influence of a declining rate of growth does not seem to favor more employment; rather the contrary. If and when the population becomes stable, however, such an influence will not exist, other factors remaining the same.

The foregoing remarks apply to business in general. But there are many kinds of business and population changes affect them differently.

For instance, the outlook may be less favorable to those businesses for whose products the demand is relatively inelastic, such as food products. A man's consumption of food can be contracted and expanded only slightly, not nearly so much as his demand for wearing apparel. Hence, agriculture and food processing industries are more dependent upon mere numbers. An increase in wages doesn't help these producers as much as it does the sellers of ready-made dresses and suits or the motion picture distributors.

How population change works on the real estate business is interesting. The value of real estate is dependent on population even more than the sale of food. Land has a peculiar characteristic. Its value is capitalized without any reference to cost of production, which in other competitive industries acts as a rough regulator of values.

Writing down land values

REAL ESTATE becomes, in a growing society, capitalized at future rates which are affected by expectation of population growth, as Henry George and the single taxers have loudly proclaimed. The knowledge of a slowing up of population growth means a writing down of values based upon previous optimistic population trends.

These remarks concern the population influence alone. The depressions of the 1930's have no doubt contributed their influence in writing down the values of real estate.

Population changes will not occur at the same rate in every locality. Businesses serving the metropolitan areas surrounding great cities will experience these effects least of all. The birth rate has not fallen as much in the southern states and in agricultural regions as in other parts of the United States. These regions may therefore possibly have a

greater rate of decline of population growth, a rate of decline that was felt first in the north. Regional comparisons of this nature are not reliable, though, because they are affected so much by migration.

The migration out of the southern states after the shutting of the gates at Ellis Island to European migration was so great that it overbalanced the influences of birth. The law of Malthus operates more truly in agricultural states, if there is no migration, than in industrial centers.

For instance, there are 200,000 vacant farms a year, but 400,000 new farmers. Thus, farms would tend to become smaller or have to support larger families, in case the cities, with their unemployed, do not take the excess rural population.

In the building industry, the construction of houses is not affected by the diminution in population as much as by the diminution in the number of families, which of course will not decrease as soon as will the total population. Certainly, though, the slowing up of population growth is not in itself a great source of optimism for the building industry or the building trades.

Children's goods have dropped

THE businesses most severely affected, at the present time, are those which sell products for children. The diminishing population is felt first in the ages of infancy and childhood. That impact was keenly felt in the 1930's, and it came in these age groups without much public notice.

A very good instance of an industry serving children is milk distribution. While the consumers of milk are only in part babies and children, the smaller number of children actually tends to reduce the market. Milk has been a faltering industry during the 1930's. In the two prior decades it profited greatly by the education campaign on the virtues of milk for children and had a rapid expansion.

During the past decade, not only was there a falling off in the number of children, but on the farms many of the calves were not slaughtered for veal because of the depression and were allowed to grow up and produce milk, thus increasing the supply. Other industries built around the trade for children tend to suffer. For example, fewer school books and equipment for the elementary grades are sold.

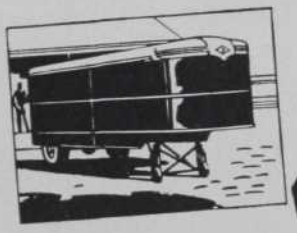
On the other hand, businesses catering to the old are likely to profit by the population changes since the old will be increasing faster than the general population. Between 1940 and 1950 the population over 65 years of age will increase by 25 per cent while the general population will grow by only about four per cent. Townsend was born before his time. He is a forerunner of a greater evangelism to come. The service occupations to the old, as for instance dentistry, will thus not experience these market effects as soon or as much as the milk industry.

The effects of population decrease have now been examined. It is natural to ask what can be done about it.



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Here's a modern Fruehauf Trailer. Business men, with loads to haul, in more than 100 different lines of activity, use them. They find them more economical than trucks that *carry* loads on their backs—to compare them with pack horses, for instance, that *carry* instead of *pull* loads.

TAKE THIS TRAILER . . .



COUPLE IT TO THIS TRUCK

and you have a Truck-Trailer that will actually haul more than 3 times as much as a truck which *carries* instead of *pulls* the load. It stands to reason that a truck is able to *pull* far more than it can *carry*.

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IF YOU ARE a business man with loads to haul, you'll save in several ways by using a Truck-Trailer. You'll save on initial cost because you'll be able to use a smaller, less expensive truck. You'll save on gas by using the smaller truck—as much as 30%—and you'll save on upkeep costs—as much as 35%. You'll have less depreciation and you'll pay less when the time comes for replacement. The Fruehauf Trailer is good for ten or more years of service.

Then, too, you may be able to save still more by using a "shuttle" operation—have several Fruehauf Trailers, leave *only them* to be loaded and unloaded, while the truck does an almost constant job of pulling first one and then another of the Trailers ready to be moved.

IF YOU don't use trucks in your business, Trailers save money for you, regardless. By using them, business men reduce their costs. And, in the vast majority of cases, those savings are passed along to you, the consumer. Competition sees to that. Furthermore, by using Truck-Trailers, business men with commodities to haul—especially perishables—are enabled to get them to you quicker and in better condition. Everybody enjoys the economies made possible by Truck-Trailers.

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HIS DEALER
WAS FRESH OUT OF SPADES

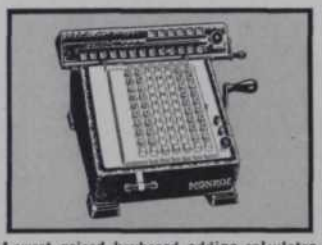
MR. MOOSE had low blood pressure of the sales resistance. His hardware dealer didn't have a full line of garden tools. And so another giant is sent on a boy's errand. We say *another* because this kind of thing happens all the time, and for the same reasons, with *figuring machines.*

IT CAN'T HAPPEN WITH MONROE

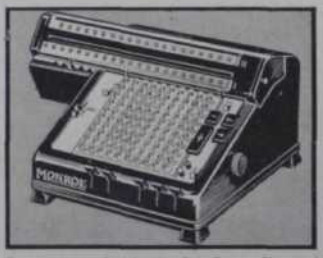
Monroe's line is so complete it can fit *any* situation in *any* business. Take adding-calculators: for light spade work with figures there's the small, hand operated L Model. For really heavy figure-digging there's the "master mind" A-1 Model, most remarkable calculating machine in the world. *And 22 other models in between!*

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It is possible, though difficult, to reverse the forces making for a decline in population. If this be done, then predictions in this article would of course be invalid.

The inflow and outgo of population in the United States can be affected in only three ways—by births, deaths and migration. We shall continue to save as many lives as possible. But success in the future can hardly be as successful as it has been in the past. The expectancy of life at birth now is 60 years. It was once 35 years. It will be difficult to prolong the average life until 70 years or even to 65 years. The expectancy of life at 50 years of age today is no greater than it was a quarter of a century ago. In fact, we can say with assurance that the annual death rate in the United States will slowly increase from 11 per thousand, which it is today, to about 15 or 16 per thousand.

Encouraging more births

AS TO stopping the decline of the birth rate, heroic efforts will undoubtedly be taken. These efforts will be largely in the nature of financial rewards to mothers, and taxes on childless couples. The most successful method up to date is to lend a young couple money on which to get married and then cancel part of the loan for each child born. An interesting question is, how big should the bonus for babies be? It should be large to be an effective inducement. Such bonuses would come from the pockets of the taxpayers, of course.

The efforts of Mussolini have not stopped the declining birth rate in Italy. Hitler has succeeded in Germany, at least for a time.

There is some question as to whether it is desirable to try to slow up the falling birth rate, at least for a while. It might help business during the transition; but in the long distant future a small population probably means a higher average standard of living than does a large population. To sacrifice the distant future for the temporary transition period may be a doubtful procedure.

Immigration is the easiest method of stopping population decline. At the moment, we will have none of it; but attitudes sometimes change quickly. Who knows what the opinion will be in 1950 or 1960? But if unemployment continues on a large scale, the voters will ask, why bring in more people from Europe, Mexico and Canada?

Higher purchasing power needed

ANOTHER attack on the problem is to try to raise the *per capita* purchasing power. If the population decreases ten per cent, and if the purchasing power of the decreased population could be raised 11 per cent, there would be no loss of purchasing power. An increase in income can overcome a loss in numbers. Such an achievement would not help those industries making goods for which the demand is inelastic. It is not easy to increase our income. We have been trying for eight years to bring it up from $40,000,000,000 to $80,000,000,000 and have only partially succeeded.

There are four ways of raising *per capita* income: (a) keep population small, (b) increase natural resources, (c) improve the economic organization, and (d) introduce new inventions. Keeping population small will help income after the population changes are ended, but probably not during the process. There is not much chance of increasing our natural resources; on the contrary, they are being depleted. The economic organization could be greatly improved. Some of the obvious ills are the maintenance of fixed high prices in a period of depression and unemployment and a consequent restriction of production. Fundamental also is the growth of capital, the greatest stimulus to which is the chance of profits in an economy of our type. The ills of the economic system in the twentieth century are focussed on two phenomena, the business cycle and unemployment. It is clear that the population changes could be offset by carrying out better economic policies. How to get such successful collective action is the outstanding issue of the century.

The most hopeful way out, I think, is the encouragement of new inventions. After all, new inventions are what give us a higher income than the Indians had. They transform natural resources into usable wealth, which is what a high standard of living is.

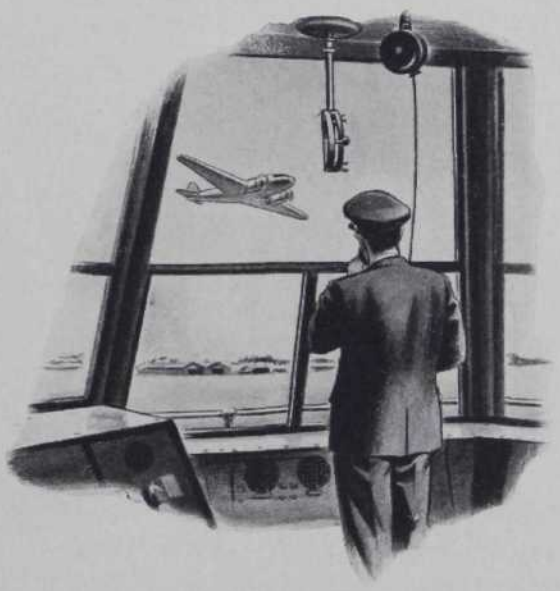
Inventions may produce some technological unemployment for a time, but if the economy is expanding, such pools of unemployment evaporate. In the long run, inventions are the sure basis of more employment.

Inventions could help

IN THE recent past, the United States was one of the most favored economic areas in the history of the planet. There were abundant natural resources, a small population, and the power inventions. Out of this picture the finest prospects are new inventions. They present the best chances of profit, that once were inherent in frontier country. Inventions mean opportunities for investment. It is the most attractive *raison d'être* for capital outlay. There is much that can be done to encourage invention, and still more can be done to prevent the hoarding of them.

In conclusion, the decreasing rate of growth of population has a depressing effect on business, but it can be overcome because various factors other than population may change that effect upon business. The situation is not so acute that it can be called a crisis. The changes are slow. It will probably be a quarter of a century or more before a stationary population is reached. The rate of decrease will be less in the next decade than it was in the one just ended. Also part of the difficulty for business is ignorance. As long as business men act as though population will continue to grow as it has in the past, they will overestimate and there will be failures. But if wide dissemination is given to the high degree of probability that we shall soon have a stationary population, then the tendency to overestimate may be counteracted, and adjustments made in time.

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While foreign armies fight to destroy, American business fights for a better way of living

1 • BRACES, belts, and garters are now made of a synthetic plastic that is elastic. They are made by a new stitchless construction whereby no thread of any kind is used. They are transparent and in colors.

2 • A NEW type asbestos cement siding shingles is now made with a finish that is a permanent mineral glaze baked on. They are unaffected by oil, grease, soot, and other stains; in use are self-cleaning and do not need paint.

3 • A FOLDING bicycle that is easily assembled or taken apart in a moment without tools is small enough when folded to be stowed in automobile trunk compartments since it takes up little more than the space of one wheel.

4 • A NEW electric motor designed for refrigerating and similar installations has a low locked-rotor current; uses no centrifugal switches, relays, brushes, or slip rings, or any expensive special control.

5 • A WATER-SOLUBLE methyl-cellulose is now in American production for use as an agent for dispersing, thickening, emulsifying, sizing, and coating. It is colorless, tasteless, odorless, and non-toxic.

6 • FOR air-conditioning and refrigeration applications there is now a compressor-condenser unit driven by a gas engine for use where natural gas is more economical than electric power.

7 • A DEVICE to balance automobile wheels without taking them off their spindles and mounting on special spindles gives quick and accurate results. It is an electrical device which by means of a stroboscope shows the point of unbalance.



25 • AS A protection for housewives a new door-knocker is fitted in the center with an inconspicuous window of one-way glass—the person inside can see out but the one outside cannot see in.

8 • A NEW bottle cooler uses a dry air blast eliminating water as a cooling medium. It is not only more sanitary but permits cooling merchandise which cannot be placed in water.

9 • WITH TWO new finishes for circulatory heaters, furnaces, stove shells and the like hammered and spattered effects are easily obtained, with two spray operations but only one short bake. They give a smooth, easily cleaned surface.

10 • A SCREWDRIVER that holds ordinary screws is now made with an expanding bit which holds tight when pushed against the screw. It is easily released and can be used to remove screws from places that can't be reached by hand.

11 • FOR ordinary mouse traps there is now made an ingenious metal clip which makes it impossible for mice to steal the bait without tripping the trap.

12 • A NEW absorptive lining for concrete forms gives a more solid and smooth concrete surface. It removes the entrapped air and excess water and leaves a very dense, voidless outer layer on the concrete. The new surface has much improved durability.

13 • A COIN-OPERATED shaving outfit uses an electric razor sterilized between shaves, and an illuminated mirror.

14 • A NOVELTY to help in massaging and cleaning milady's face is a small hand device that has rubber bristles set in soft rubber for massaging and a device to produce a slight vacuum to help in removing cream and dust.

15 • A LINE of diesel-electric power plants from 3,600 to 24,000 watts is assembled with the generator under the engine to save floor space. The engine design is said to assure easy starting by hand.

16 • A HIGH heat resisting industrial black coating withstands temperatures up to 1800 degrees Fahrenheit without cracking, peeling, or discoloring. It can be applied by either brush or spray, does not require a priming coat, is for either exterior or interior use.

17 • A NEW clip for putting tongued and grooved sound insulating tile or planks on ceiling or wall makes unnecessary surface nailing. The clips are so made that they can be slipped on either tongue or groove and nailed.

18 • A FOLDING chair of new design resembles an inverted Y. It is non-tipping even if a person stands on the front or rear edge of the seat. Extra wide, well shaped seats of several types are available.

19 • AN HYDRAULIC device in coal mining is said to perform the work previously done by explosives. It minimizes danger from cave-ins, gives larger pieces of coal. An electric pump forces hydraulic fluid into an expansible tube placed into the drill hole to break the coal along its natural parting lines.

20 • FOR ELECTRICIANS using BX cable there is a new pocket-sized cable cutter weighing only 12 ounces. It is said to cut quickly and cleanly without injury to wire insulation.

21 • FOR SPRAYING orchards a new development has made possible sulphur ground to microscopic fineness. It is said to be more effective as a fungicide and to give better adhesion.

22 • A RUBBER-BASE paint combined with an abrasive has been compounded to make non-skid floors. It is applied by brush to concrete or wood, can be used over old paint that's in sound condition. It comes in four colors; is non-slippery even when wetted or oil-splashed.

23 • A SMALL water ozonizer for home or industrial use is said to be very effective at killing odors and to help in sterilizing.

24 • A NEW hose for handling oil and gasoline from tank car or tank truck has both hose and cover of a synthetic rubber which is petroleum resistant. It is light, flexible, and has a built-in static wire.

—W. L. Hammer

Editor's Note—This material is gathered from the many sources to which Nation's Business has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

Tax Delinquencies In Cities Fall

MUNICIPAL property tax delinquency in 1939 was lowest in a decade. Not only did results mark sixth consecutive year of improvement, but average city closed books with lower percentage of current levy uncollected than in 1930. Some cities equalled or exceeded best previous records.

Upward surge of business in latter part of 1939 contributed to general progress in collection of currently levied property taxes, added new stimulus to collection of taxes in arrears. Total collections of current and delinquent taxes in average city, consequently, slightly exceeded the amount of the current levy—a reversal of situation in previous year, when total collections dropped below current levy for first time in four years.

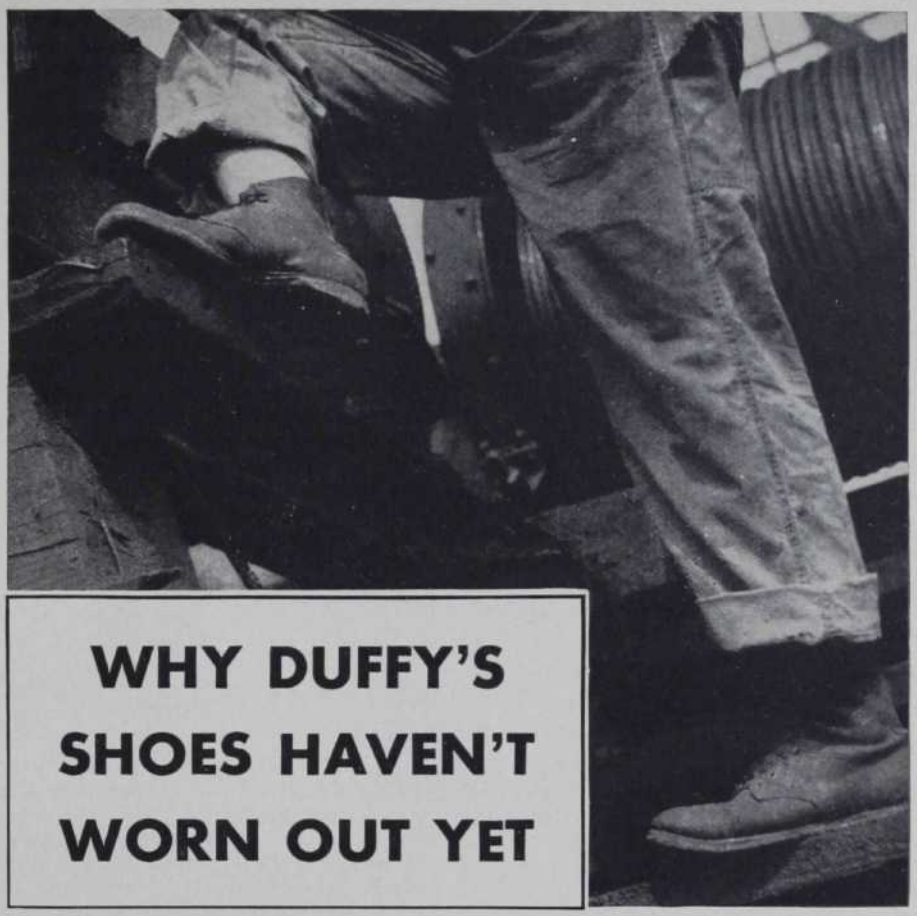
Average current tax delinquency for 150 large cities in 1939 reports Dun & Bradstreet, Inc., New York, was 9.2 per cent, compared with 10.7 per cent in 1938, a peak of 26.3 per cent in 1933, and 10.1 per cent in 1930.

General improvement is indicated by fact that 119 of the 150 cities bettered their 1938 records and only 23 were unable to regain 1931 level in at least percentages of current collections. One-fifth of group reduced year-end tax delinquency below that of 1930 by margins ranging from 5 to 25 percentage points.

At least 24 cities had distinction of closing fiscal years ending in 1939 with 4.7 per cent or less of year's taxes uncollected. Ten are in California, three in New York, three in Connecticut. Cities in six other states made up remainder. Considerable aid in reestablishment of good records has come through removal of unproductive property from tax rolls, foreclosures by institutional mortgage holders, assistance from federal Government, adoption of tax-relief gadgets such as homestead exemptions and tax rate limits. Full restoration of healthy state of affairs, concludes reporting agency, awaits advent of normal real estate market, genuine revival of construction, and, in some cities, elimination of gross inequities in property assessment.

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WHY DUFFY'S SHOES HAVEN'T WORN OUT YET

DUFFY works in oil. He used to wear out a pair of shoes in no time because rubber soles soak up oil and get soft.

Then Duffy got a pair of shoes with soles made of neoprene. This pair has already worn three times longer than any other shoes he has ever had. And they're still good.

What is neoprene? It's the new chemical rubber—made by Du Pont from coal, limestone and salt.

It looks, feels and stretches like natural rubber. But it resists the effects of aging, oxygen, sunlight, heat, oils, gasoline and corrosive acids or gases.

Where rubber and other resilient materials fail, industry uses neoprene—from washers and gaskets to belts and hose of all sizes—for durability and economy.

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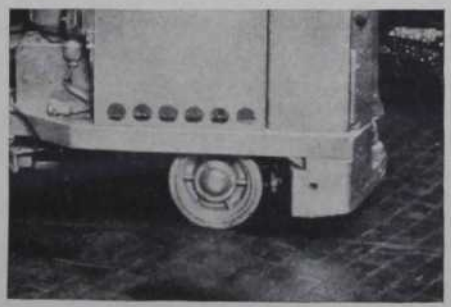
• • •

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CHANCES ARE IT'S NEOPRENE CABLE... In oil field, service station or other use where a drop cable must withstand oil and grease—neoprene-jacketed cable gives 2 to 4 times longer service.

MEMO . . . for Busy Readers

1 • House magazines show improvements 2 • Foreign trade and domestic prosperity 3 • Zoning gets down to business 4 • Organic chemistry is a growing industry

House "Mags" Win Awards

BEST HOUSE magazines as determined in a nation-wide contest directed by House Magazine Institute, New York City, are *Monsanto Magazine,* published by Monsanto Chemical Co., St. Louis, and *Watch,* published by American Mutual Liability Insurance Co., Boston. Howard A. Marple is editor of the Monsanto publication, and John O. Nilan editor of *Watch.*

Second place in internal magazine field went to the *Pelican,* published by Mutual Benefit Life Insurance Co., Newark; third place to *The Hercules Mixer* of the Hercules Powder Co., Wilmington.

Second place in external field went to *Harvester World* of International Harvester Co., Chicago.

Tied for third place were *Inco* of the International Nickel Co., New York, and *Merck Report* of Merck & Co., Rahway, N. J.

Cited for honorable mention were the *Sperryscope* of Sperry Gyroscope Co., Brooklyn; *The Paper Maker* of Hercules Powder Co., and *Steel Horizons* of Allegheny Ludlum Steel Corp., Brackenridge, Pa.

House magazine field was enlarged in 1939 by more than 400 new and revived publications. Institute, founded in 1938, is official "chamber of commerce" of house magazine editing, both for external and internal house publications. Nonprofit making, it maintains New York headquarters to provide information and help to those interested in company publications. Membership includes 46 companies, among them American Telephone & Telegraph Co., Standard Oil Co. of N. J., Western Electric Co., Paramount Pictures, United Parcel Service, Shell Oil Co., International Nickel Co., The Texas Co., Underwood-Elliott-Fisher, American Can Co.

Trade Affects Home Pay Rolls

COUNTRIES which have experienced the greatest changes in imports and exports experienced also greatest changes in employment and pay rolls, according to a study of "Employment, Wages and International Trade," published by the International Labor Office, Geneva.

Conclusion is drawn from analysis of foreign trade, employment, labor income and production in Germany, Great Britain, Italy, Japan, and the United States in period 1929-36. Where foreign trade declined most during "recession" period, employment and pay rolls showed greatest losses; conversely, where foreign trade rose highest during "recovery" years, jobs and wages showed greatest increases.

Production, the report declares, appears to be chief factor in determining, through employment, industrial labor's real income. Next, a close relationship is exposed between changes in volume of a country's production and changes in exports. Finally, imports are discovered to be important factor in production in that "they supply raw materials to domestic industry" as well as providing "exchange funds necessary for foreign purchases of domestic labor."

Imports may affect real wages, the I.L.O. study reveals, in so far as they increase supply of goods of a country "in the long run"; as goods become plentiful, commodity prices decline, thus lowering cost of living and increasing real wages. Exports, by contrast, exercise influence on labor's fortunes by boosting employment.

Prices, the report continues, are also influenced by "the direction of the movement of gold and short-term capital" between creditor and debtor countries, while long-term foreign investments are likewise revealed to be a factor in price fluctuations, thus affecting wages. According to the study:

The even flow of international capital depends on a balance in the growth of business activity between industrial countries and those producing raw materials. It appears, therefore, that restrictions on international trade in manufactures, in so far as they render less elastic the mechanism of adjustments in trade balances, accentuate fluctuations in price movements; that they cause or contribute to disturbances in international movement of capital owing to inefficiency to which they give rise in use of international capital equipment; and that they discourage, not only attainment of greatest possible volume of production in both industrial and raw-material-producing countries, but also preservation of balance between the growth of business activity in such countries upon which en-

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NEW ISSUE

April 15, 1940

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Remedy for Overzoning

LOS ANGELES sees remedy for overzoning of business property by turning surplus land zoned for business into residential zones. Much more land had been set aside for business use than could possibly be utilized in many years to come.

City was losing revenue from tax delinquencies on vacant properties, real estate interests were finding little market for business-zoned property because of oversupply. Planning commission changed approximately four miles of surplus business-zone frontage to residential zones, made opportunity for residential construction financing, saw many rezoned lots immediately improved with residential building.

Commercially zoned property along boulevards is also turned to account for residential use. Plots, instead of fronting street, are laid out with sides to street. Several subdividers have provided a 15-foot planting area next to the boulevard to remove residence lots from trafficway.

Des Moines recently found that enough space had been zoned for commercial use to supply Minneapolis, a city almost four times as large. Worcester, Mass., has zoned enough land for business use for city of 800,000, although own population is about 195,000. St. Louis is using 1,768 acres for commercial purposes, as against 3,432 zoned in this class. Toledo has zoned 454,345 feet of frontage for commercial use, of which 269,615 feet are actually utilized. Cleveland's metropolitan region has zoned 240 miles of its 444 miles of main streets for business purposes, while only 125 miles are now so used.

Fact that zoning has, in many communities, preceded planning is responsible for much of the overanticipation in zoning is explanation offered by American Society of Planning Officials. Logical need, as Society sees it, is for master plan based on thorough survey of population trends, current industrial use and other factors, with zoning framed to play part in plan's application.

Chemical Boom in Organic Field

WORLD'S organic chemists made approximately 25,000 new chemical compounds last year, increase of about six per cent. Biochemistry, closely allied to organic field, basis of major advances in modern industry, registered five per cent increase.

Gains were accomplished in face of general decline of about half of one per cent in published results of chemical research owing to war conditions in Europe, explains Prof. E. J. Crane of Ohio State University, editor of *Chemical Abstracts.* Analysis of published abstracts indicates America's growing leadership in chemical research, Professor Crane points out.

Carbon, as manipulated by increasing number of organic chemists, is tending to dominate both industrial and theoretical chemical research, notably in United States. More than 3,200 scientific and

technical periodicals in 31 languages were examined last year. Of 65,307 abstracts used, more than half dealt with carbon compounds.

Boom in organic chemistry has been stimulated by many successful industrial applications in preparation of useful products, such as artificial resins and plastics. These products are really much more than substitutes because tney are often superior in properties and useful for purposes for which no natural products are available.

Not all organic compounds prepared by chemists are directly useful substances. Most have only theoretical interest, but there is always possibility any one may prove to be another sulfanilamide, a useful dye, an explosive, an antiknock fuel, a valuable reagent, solvent, plastic or the like, or that the compound may serve as a step in preparation of a useful product. Understanding of chemical reactions necessary in preparation of useful products is often based upon study of chemical compounds of purely theoretical interest.

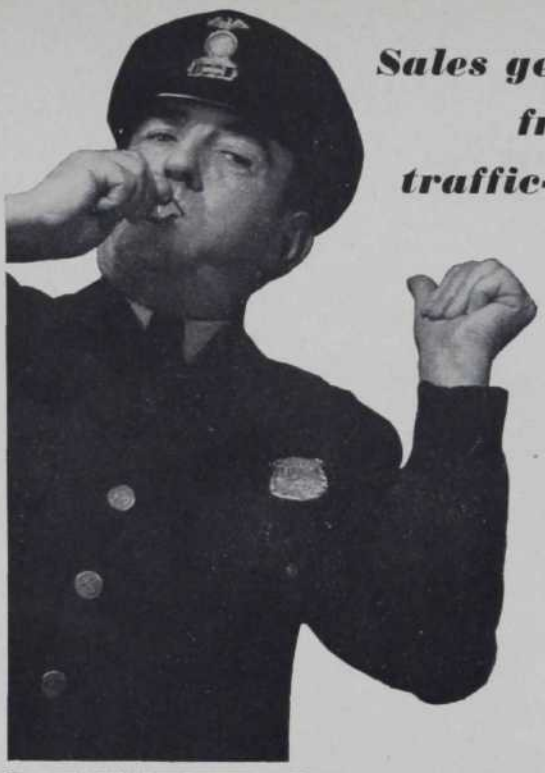
Free Men Build a Nation

RESPONSE to Chamber's talkie, "Free Men Build a Nation," made available for local use late in February, reveals broad welcome to graphic showing of fruits of American initiative cultivated in a political climate issuing from fundamental belief in liberty as the essence of opportunity and growth.

In first six weeks, film was shown in more than 500 request exhibitions, was screened in 296 cities in 42 different states. Audiences ranged in size from ten members of a board of directors to 2,000 citizens attending a civic meeting; included chambers of commerce, service clubs, civic groups, trade associations, Y.M.C.A. members, employees of private firms.

Film is one instrumentality by which the Chamber is evangelizing its long-time program to establish a better public understanding of the worth and serviceability of business. It is concerned with the constructive forces that made America most prosperous and envied country in the world, portrays development and operation of private enterprise system, accents processes by which ideas are transformed into realities, notes problems and discouragements overcome in the past—and, finally, defines situation now threatening continuance of free enterprise system.

Picture is designed for 16 millimeter projection with sound reproduction. Equipment needed is available in most communities.



Sales get the GO signal from these traffic-making floors



Store traffic spurted when this Armstrong floor went to work in the Stein Men's Clothing Store, San Diego, Calif. And maintenance costs went *down*, thanks to this easy-to-clean floor that never needs expensive refinishing.





More diners . . . more business . . . for this Coffee Shop in the Hotel Pennsylvania, New York. Its sales-inviting floor of Armstrong's Linoleum attracts new customers and forms a sanitary background for good food and good service.

Office showmanship is demonstrated by this Armstrong floor in the Mercury Rug Cleansing Corp., Reading, Pa. The factory-cut Linoset adds a note of individuality that's easy to achieve with floors of Armstrong's Linoleum.

• • •

Stepping up sales is the theme of "Better Floors for Better Business," the color-illustrated book that shows how others are boosting sales with floors of Armstrong's Linoleum. Write for your copy. Sent free (40¢ outside U. S. A.). Armstrong Cork Company, Floor Division, 4005 Coral Street, Lancaster, Pa. (Makers of cork products since 1860)

ARMSTRONG'S LINOLEUM FLOORS

Custom Laid or (A) Standard Designs

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Soy Beans and Air Conditioning Help Workmen Discard Masks



Suction fans behind this water curtain draw excess spray away from workman's face



Auto bodies coming out of spray booths on conveyors. Note sprayman without mask



Sheet metal parts emerging from rust-proofing tunnel —all parts rust-proofed before painting

NEW IMPROVEMENTS in motor car finish are helping to create still wider markets for the products of American farms.

Production of this year's cars marks the climax of a two-year development program at Plymouth Motor Corp., introducing an entirely new metal painting technique.

Evolution of the modern, long-wearing finish on motor cars is one of the industry's dramatic stories. A good body shop at the turn of the century could turn out two bodies a week, with panels made from elm which was boiled four hours and then clamped over frames for 48 hours more. Canvas glued on the inside improved the appearance of the early bodies, which sold from $2,500 to $5,000—exclusive of the chassis, which had to be bought extra.

One of the horse-and-buggy hangovers was varnishing. In 1909 it took as much as six weeks to apply 27 coats of paint. By 1934, a much more durable and attractive finish of quick-drying lacquers was being applied in 11 operations requiring an elapsed time of only 12 hours.

The new enamels made from a soy bean base do not oxidize in sunlight, have much higher natural luster that requires only washing to restore, and grows harder and harder even after the car is in use.

The new set-up starts with three giant "penthouses" on the roof of the Detroit plant which take in air for the master spray room, filter it and heat it to the required temperature for spraying. Perfect humidity control was also found essential for best results, so incoming air is maintained at an exact, unvarying humidity point.

The purified air then passes through ducts to a false ceiling or "plenum chamber" above the master spray room below. As it leaves the "plenum chamber," the air again is forced through 300 filters, to make it doubly pure before entering the booths where workmen actually spray on the paint. The booths get double-filtered air for three complete air changes a minute in every booth, so the workmen no longer wear spray masks or hoods.

Every sheet metal part comes into the unit with the enamel base already baked on, then moves through two successive spray booths for two additional "finish" coats. As it moves along, each part passes between the workman and a curtain of falling water. The excess spray is sucked toward the water curtain by exhaust currents of powerful suction fans, that draw air from the back of each of the booths. The same water curtain which cleanses the air of spray, enabling operators to work without masks, carries off these waste particles of enamel to be reclaimed for other uses.

Once considered one of the least desirable jobs in an auto plant, spray gun operators today enjoy their noon hour leisure in the purified air where they work.

THIS NEW REMINGTON 285 WILL CHANGE *Your Bookkeeping Department* FROM OVERHEAD ITEM TO *Profit Producer!*

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Cyclone Fence protection is saving money for thousands of plants today. It prevents big losses that might occur if property were left wide open to thieves and trespassers. The sturdiness of this fence is important, too. For it's made to last in spite of rough treatment and constant exposure to weather—with practically no upkeep cost.

Take the first step right now to give your property day-and-night protection. There's no obligation involved in Cyclone's friendly fence service. We'll help you choose the right fence for your property and we'll make a free estimate. Write us for further information.

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I am interested in fencing: ☐ Industrial; ☐ Estate; ☐ Playground; ☐ Residence ☐ School.
Approximately feet.

USS CYCLONE FENCE
UNITED STATES STEEL

Aviation Looks Toward Peace

(Continued from page 19)

is given by Col. John H. Jouett, president of the Aeronautical Chamber of Commerce of America, who stated;

"American manufacturers now have a production capacity of 16,000 planes and 18,000 engines a year. Before the end of 1940, without adding any plant expansion other than that already under way, they will be able to turn out planes at the rate of 23,000 a year and aircraft engines at a rate of 35,000 a year. Of that potential number of engines, 25,000 would be of 1,000 horsepower or more.

"Whether such numbers of planes and engines are manufactured in any given period depends, of course, on whether anybody wants them. We do not know what our own United States air forces will need in the future. They must come first. At present our manufacturers are making deliveries to our Army and Navy air services either on time, as required in the orders, or well ahead of delivery schedules. We stand prepared to serve our national defense first."

All of which suggests the future; and it is evident that aviation manufacturers, as well as subsidiary producers, are already concerning themselves with this problem. Nobody knows just what is coming but, both here and abroad, much is being taken for granted.

First, it is evident from unofficial but obviously well informed comment reaching this country that the huge orders now being filled or placed are not viewed with whole-hearted enthusiasm across the water. There have been understandable references to the fact that, after the first World War, the American automobile industry ran away with world markets. All this expansion of American aviation productivity and technical achievement may lead to a similar result when peace comes again.

"After the war" problems

INDICATIONS are that, even in the midst of war, expert opinion in England is seriously concerned with this problem. The plea is constantly noted that England must not neglect her export markets, and suggestions are made that certain types of English combat planes be built with a view to easy conversion to commercial needs for "after the war." It is also proposed that top-rank designers be withdrawn from war work, to devote their talents to future needs.

It has even been suggested privately in England that additional orders now on the books might profitably be diverted to Italy or some other neutral production center rather than the U. S. The fact is that, along with its war-time activity, the American industry is obviously trying to make hay, and is succeeding.

Thus the authoritative English *Flight* observes feelingly that a new commercial plane on the market from the American Lockheed plant "will be sought in markets which should have belonged to the DH Flamingo (a well-known English type) if all DH production had not been taken for military work."

American genius is pioneering the vast new field of substratosphere flight, and the largest twin-engined plane to be built in this country is receiving final tests at the Curtiss-Wright plant in St. Louis. It carries 36 passengers, weighs 38,000 pounds fully loaded and is capable of three and one-half miles a minute at 20,000 feet.

Possible new war plane

A NUMBER of lines as well as the Army Air Corps' experimental plant at Wright Field, Dayton, cooperated in developing this plane. Its advent, naturally, awakened in England, for instance, first the thought of what would happen if some hostile power developed such planes for the current war; and second, consideration of the fact that, because of war demands, such development has been slowed down over there, thus allowing the United States once more to forge ahead.

For another instance, the American Glenn Martin factory at Baltimore is readying a large flying boat, currently for American naval use, but sure to be a winner in overseas transportation when the Navy releases it eventually for such use.

Incidentally, there is a close partnership in this respect between private industry in this country and the nation's air services. The latter have pursued a liberal policy of releasing to private business, both domestic and export, many advanced types originally produced for combat use.

Revealing American progress in this field is the fact that the American pursuit plane which has been the mainstay of the French Army is about two years behind the models now being produced for our own use, soon in turn to be sold abroad.

Action of the Navy in releasing for American industry one of its late-type overseas air cruisers, the famous "patrol bombers," has enabled a new transatlantic air service to get under way. The American Export Air Lines has ordered a number of these planes.

The Pacific coast Boeing plant, birthplace of the Army's "Flying Fortresses," also produces huge overseas passenger planes for Pan American Airways. This company currently has before eight leading manufacturers new specifications for a 50-passenger, 300 miles per hour, 5,000 mile range plane for flight at 25,000 feet altitude. For comparison, European planes to date have attempted only mail-carrying over the Atlantic.

American plants which normally have devoted ten per cent of their gross returns to research and technical advancement now find themselves with hitherto undreamed of resources for this pur-

pose, and are exploring wide fields of aerial development.

There is latent danger ahead, however. Post-war Europe will have an incredible number of planes on its hands, and probably no immediate use for all of them. The expectation is that they will be dumped, perhaps in Latin America. This dumping may even be subsidized by governments.

This was the reason spokesmen for the American industry intervened in the Finnish loan discussion, to warn Congress against inadvertently ruling out similar Government aid to American industry if needed later.

Obviously American plane manufacturers are in a favorable position now. Out of a potential of less than 100 foreign markets, they are now exporting to 91 foreign countries, dominions, or colonies, of which 14 were "million dollar" size in 1939. Although much of the current export is naturally due to war, the American private aviation manufacturer faces a reasonably bright future.

There is reason to believe that American leadership in design and efficiency will hold up in the foreign markets later. But things won't be so bad at home either. If the Army and Navy programs, now comprising respectively 5,500 and 3,200 planes, with possible expansion to 4,900 for the Navy, are maintained, the industry will be assured of an important backlog in coming years.

More planes for private use

AS A result of the private pilot training courses instituted under the Civil Aeronautics Authority last year, some 3,700 student flyers have attained the solo stage of training. Some 9,267 have accumulated 80,000 hours of flying experience. A number of new pilot officers are with the Army, to be released in certain proportions in a few years.

Conceding that many of these new private flyers will not remain active, the private flying market will nevertheless be larger than ever before. Increased production, the easing of war demands, and other factors will combine to make available types of planes that ordinarily would be out of these men's reach.

The C.A.A. estimates that there will be at least 96,000 civilian pilots in two more years. Less conservative estimates place the number at 100,000. A corresponding 25,000 to 30,000 private planes will be in operation. Apart from the effect of these developments on the plane market, observers foresee new fields of activity in service requirements, etc.

As against 2,000,000 passengers carried in 1938, major air lines expect to carry 4,000,000 air riders by 1942, with a proportionate jump in express and air mail tonnage. Admittedly the mileage of air lanes has not increased much recently, but the persons using them have, and this, in turn, points to new demands for commercial production.

Here, then, is no picture of a war-baby. This year, the aircraft industry enters the field of big business, no longer surpassed by candy bar sales, as it was once. The industry is traveling by air, but its feet are solidly on the ground.

NO NICE GIRL *sponges!*



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The Postage Meter does away with adhesive stamps. The postage is in the Meter, set and sealed by the postoffice, loss proof and theft proof. Postage for any kind of mail is *printed* as needed, in any stamp denomination needed, with a dated postmark and an advertising slogan; and simultaneously, envelopes are sealed, neatly and swiftly. The postage used, and postage on hand, are automatically counted. Time is saved and invariably postage! Metered Mail, too, doesn't wait at the postoffice for postmarking or cancelling, can get on its way faster . . . The modern office uses this modern mailing method. There's a Meter for any business, large or small. And a call to our nearest office will bring a demonstration in yours—and stop sponging!

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The Market Parade

Truths About Advertising . . . Television Tries Again . . . Books for a Quarter . . .

A textbook on advertising with no Marxian jabs at the iniquity of profit making deserves an award in these times. That distinction is well earned by the new edition of George Hotchkiss' "Outline of Advertising" as one of a series of Macmillan's social science texts.

Unlike a good many authors of school and college texts on business topics, Professor Hotchkiss has gone to the trouble of studying advertising until he understands its function. As one of its indispensable services he recognizes "informa-



tion utility." The value of an article depends upon a knowledge of its existence and its uses, as well as the time and its location, or "place utility." Ignorance of the purposes of an alarm clock makes it useless to the native of central Africa, except as an ornament. Informative advertising adds to the value of everything from fountain pens to tractors. Hence it serves buyer as well as seller.

Professor Hotchkiss is not afraid to admit that there are some quack advertisers. But a study of his excellent book should convince students that there are more dangerous quacks among the critics of advertising than among its practitioners.

Pricing of automobiles by the dealers who sell them is the idea of August Johnson, new executive vice president of Graham-Paige Motors Corporation. A dealer himself for 20 years, Mr. Johnson does not believe the manufacturers are as capable of establishing selling prices as the dealers. Hereafter Graham-Paige dealers will sell cars at what seems to them the proper prices in their respective territories. They will direct their own advertising and promotion and the company will reimburse them for 50 per cent of the cost, not to exceed a maximum amount.

Mr. Johnson isn't concerned about prices being either too high or too low under the new policy. Competition can be trusted to prevent a dealer pricing too high and the necessity for profits if he is to remain in business will take care of the temptation to under-price, he thinks.

What kind of sales manual is best? This question was answered recently by R. W. Harrison, assistant advertising manager of the Waukesha Motor Co., in an address before the Milwaukee Association of Industrial Advertisers. His specifications represented a composite of experience by members of the National Association of Industrial Advertisers. Among them were:

Size—8½ x 11; Binding—looseleaf, for economy and convenience in making revisions; Color—warranted only if a portion of the manual is to be shown to customers; Contents—company history, testimonial letters, installations or users, typical objections and answers, information about industry served, company personnel, advertising material, product description, general and sales policies, engineering data, prices, prospect lists, specifications, competitive data, estimate data, market information and selling instructions; Editing—by one man, but contributions by many. A good index is important.

Fanny Hurst, the fiction writer, tells *Department Store Buyer* that the department stores have nurtured or tolerated a viper to threaten all retailers:

By allowing the woman shopper to abuse the privilege of returns, department stores are encouraging, instead of disciplining dangerous practices. It is one thing to cater to the customer. To indulge and pet her until she becomes an economic menace is something else. The retailer today practically sanctions tentative and indecisive selections of merchandise. He allows the woman shopper to order "charge and send" indiscriminate amounts of goods which she does not know whether she likes or wants.



Television receiver sales are being pushed by RCA-Victor with the avowed aim of selling 25,000 units—500 a week—in the Metropolitan New York listening area in the next 12 months. Extended tests were made in New York and New Jersey communities. Previous efforts to promote television were not successful but RCA reports rapid technical advances as well as maturing plans for program service within recent months.

According to Vice President Morton of the National Broadcasting Co., in charge of television activities, many of the top-ranking radio sound programs will be telecast, in the near future. He mentioned particularly sports and news events and dramatic presentations. Engineers have been working on a practical television relay system for linking together a network of television transmitting stations. It is expected that New York, Philadelphia and other nearby eastern cities will shortly be interconnected.

The RCA television receiver that formerly sold for $600 has been repriced at $395. Other models are being made to sell for as low as $99.50.

Volume of business in manufacturing, wholesaling and retailing in 1939 was considerably in excess of 1938 but still well under that for 1937, a business trend survey by Dun and Bradstreet shows. The indexes, based on 1935 sales as 100, were as follows for the past four years:

	1936	*1937*	*1938*	*1939*
Manufacturing	119	135	108	127
Wholesaling	118	131	114	122
Retailing	113	121	107	115



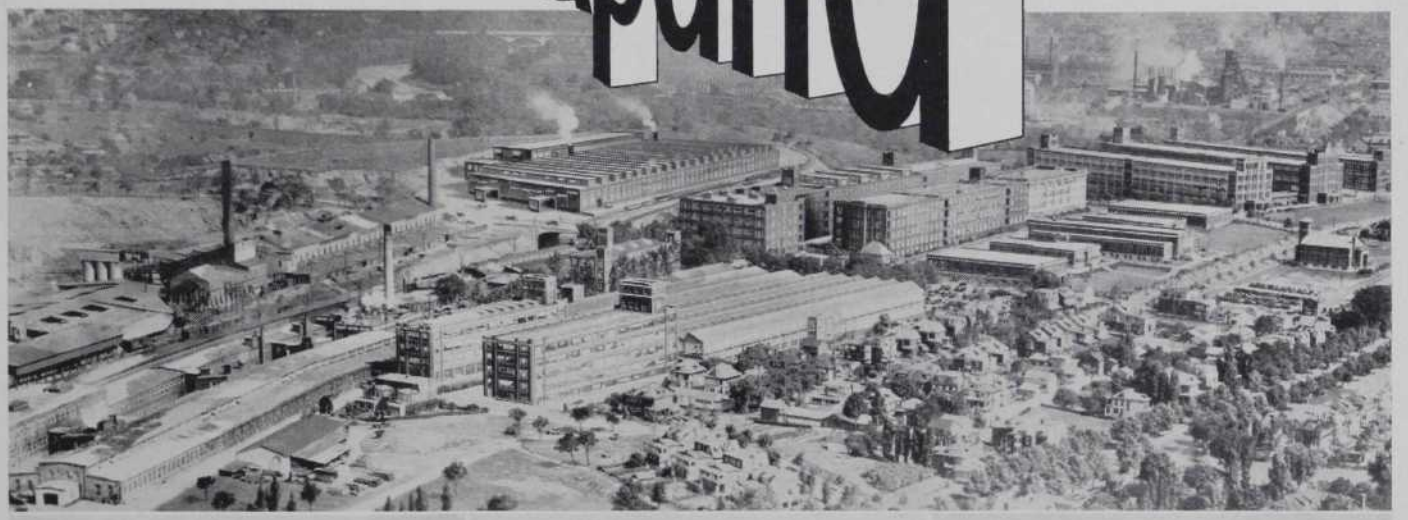
The Consumers Bureau of Standards is an organization of the Consumers Union type for testing products and "protecting" babe-in-the-woods buyers from wolves of commerce. The Federal Trade Commission doesn't like the name and has been hearing charges that it apes the U. S. Bureau of Standards. F.T.C. also alleges that the Consumers Bureau of Standards used threats of unfavorable publicity in persuading manufacturers to buy its magazine.

Books at the crossroads and within the reach of everybody is the ambition of Pocket Books, Inc., publishers of a list of 47 reprints at 25 cents each. Through an arrangement with Butler Brothers, 700 salesmen will place these books in the general stores of towns and hamlets in every county in the United States, say the publishers in a current announcement.

It is estimated that this move will make the satisfaction of book ownership available to 30,000,000 Americans—"geographically two-thirds of the nation"—in communities where books have been inaccessible. Pocket Books also hopes to reach that mass of "average" men and women in city and country said to have only 73 cents a month to spend for books even when they are accessible. The 47 titles include mystery stories like Ellery Queen's "Chinese Orange Mystery," classics of fiction such as "Wuthering Heights," and serious works of the type of Charnwood's "Life of Lincoln."

—FRED DEARMOND

Your Business can expand in Pennsylvania

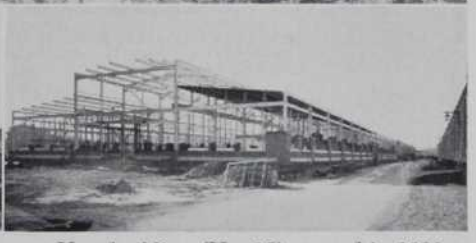




New building (No. 23) started in 1939



New building (No. 24) started in 1939



New building (No. 25) started in 1939

Here's just one plant of the many in Pennsylvania that are expanding, increasing production, creating additional employment.

Already employing 10,000 men and women, this Pennsylvania company studied long and carefully where and how it should next expand. It decided to keep right on expanding in Pennsylvania. The result: Three plant additions—buildings Nos. 23, 24 and 25—all started in 1939 and to cost a total of $400,000.

There's news of interest to every business man in the reasons which led to this decision. Read what a company official says:

"While improved business and latest manufacturing methods suggested these additions, the final decision to go ahead was largely influenced by our confidence in Pennsylvania's constructive and cooperative government.

"We definitely feel that its program will have a wholesome effect on the whole industry of our State."

Your business, too, may find its greatest opportunity to expand in Pennsylvania. Why not look into what Pennsylvania has to offer? Write the Department of Commerce, Harrisburg, Pa., for your copy of "Pennsylvania—Its Many Industrial Advantages."

Pennsylvania

where your business can expand

ARTHUR H. JAMES, *Governor* • RICHARD P. BROWN, *Secretary of Commerce*



Kimpak
REG. U.S. PAT. OFF. & FOREIGN COUNTRIES
CREPE WADDING
protects your product
dresses your package



Procter and Gamble use KIMPAK *to protect and add eye-appeal to their Floral Soap in beautiful leatherette gift package.*

KIMPAK* is inexpensive, and as easy to use as a piece of string. It comes in rolls, sheets and pads of wanted thicknesses and sizes, which can be applied quickly and easily without fuss, muss or waste.

Ironers, refrigerators, radio cabinets, delicate glassware, lamps and other fragile products are only a few of the many items protected against shipping damage with KIMPAK. In addition, KIMPAK absorbs 16 times its own weight in moisture—which more than meets government postal regulations regarding shipment of liquids.

The technical skill, vast resources and experience of the Kimberly-Clark Corporation, manufacturers of KIMPAK, stand ready to help solve your shipping problems. For samples and further information, mail the coupon today.

**Reg. U. S. Pat. Off. and Foreign Countries*



FREE! 1940 PORTFOLIO OF KIMPAK

KIMBERLY-CLARK CORPORATION
Neenah, Wisconsin

Address nearest sales office: 8 South Michigan Avenue, Chicago. 122 East 42nd Street, New York City. 510 West Sixth Street, Los Angeles. NB-5

Please send us the 1940 Portfolio of KIMPAK.

Company

Address

Attention of *Our Product is*

Saving Our Blighted Downtown Areas

(Continued from page 22)

1930's, the assessment total plummeted once more. By 1939, the figure stood at $97,757,800.

The loss to real estate owners and mortgage investors in reduced income and depreciated market values would appear to be even greater. Mr. Felt's study indicates that market values have dropped almost $100,000,000 below the peak period of 1909 and are now actually lower than even the assessed values of 1889.

If we can think of these millions of dollars of shrunken value and income in terms of many individual owners and scores of banks, insurance companies and individual mortgage investors, the results of this decline may become more apparent.

Many of the owners undoubtedly have been wiped out by foreclosure, their properties passing to the banks, insurance companies and the other mortgage lending institutions which today are New York's biggest landowners—principally by the foreclosure route.

In other cases the owner's claim is merely titular to avoid the expense of legal foreclosure proceedings, actual ownership being in the hands of the mortgage holder.

Decay will probably continue

UNDER such conditions it is not difficult to foresee the continuing disintegration of the area. At present rents and values, the more substantial owners are inclined to spend money only on absolutely essential repairs and maintenance work. The others can spend nothing. Without some newer and more realistic approach to the problem, it seems fair to assume that decay will continue until this area and others like it constitute actual hazards forcing summary steps.

There are other reasons, equally pressing, which should prompt us to study this problem. The costs of municipal government and services in our great cities are rapidly approaching the saturation point. The breakdown stage probably would have been reached several years ago in some localities without the federal lending and works programs which made new sources of funds available to keep the big city mechanism going.

From the standpoint of the real estate investor, institutional and private, the question is equally serious. Whether the properties acquired under foreclosure represent an actual loss or not, they produce little or no income and tie up substantial capital until they can be rehabilitated and disposed of. The mortgage lending institutions are in the real estate business in a big way—but not by choice.

The problem, of course, is one of replanning. Large areas like the district discussed here need to be restudied with a view to fitting them more nearly to the best economic use demanded by today's and tomorrow's conditions. That use may be business, industrial or high, medium or low rental housing or a combination of any or all which will make for an efficient city scheme.

Replanning will need to deal with both business and residential slums and in areas sufficiently large to establish and maintain their own neighborhood character.

Cooperation by city and business

SUCH undertakings seem to offer an ideal field for government-business cooperation. Both have tremendous stakes in bringing these districts back to economic life; government to restore the city to a sounder, more economical, smoother functioning machine and private enterprise to conserve a huge investment now seriously impaired as well as to put accumulations of idle capital to profitable employment.

Neither government nor business can go it alone. Even in the field of low-rent housing, the number of families which the Government can take out of old slums and put into subsidized housing constitutes only a fraction of the total needing to be rehoused, just as the areas which can be cleared in the process will account for only a small part of all that need clearing.

There just isn't money enough whether from federal, state or municipal treasuries, or all three.

On its own, private enterprise can do little more than spot rehabilitation. Ownership is too diffused and holdings too scattered to make possible the large-scale, contiguous block rehabilitation which alone can be effective. Planning control by the municipal government is essential also if a neighborhood character is to be established and maintained. Obviously the desirability and commercial success of an individual building, business or residential, are greatly affected, not only by the kind of neighbors it has on either side but by the character of the block on which it stands. It is equally apparent now that the single block is too small a unit to protect the individual building and that areas must be dealt with on a neighborhood basis.

A new unit for planning

IN OTHER words, what is called for is the conscious creation of a new neighborhood unit, economically sound and socially desirable, to take the place of these worn out areas. In New York there is at least the beginning of some thinking in these terms. Under an amendment adopted in 1938 when the state overhauled its constitution, the city is empowered to buy substandard or blighted areas—the word "slum" is tabu—for purposes of replanning and rehabilitation which it may then rebuild or sell or lease. Rebuilding on any scale

approximating the size of the problem is out of the question, of course, for financial reasons.

But the city might work out a rehabilitation plan in cooperation with the savings banks, insurance companies or other financial institutions by which the several groups would undertake a joint venture. The city would contribute comprehensive planning such as traffic arteries, parks and play spaces for the new residential areas, protective zoning and the right to acquire the property of would-be hold-outs by condemnation. Out of such a face-lifting operation it would get a restored district, reestablished assessed values, the wiping out of tax delinquency in the area and substantial savings in the operation of required municipal services.

Its partners in the enterprise would stand to gain quite as much if not more, first by getting rid of foreclosed property yielding no income; and second, by finding a suitable outlet for investment funds for which there is great need. New York City savings banks own more than ten per cent of the 60,000, old-law tenement properties in the city. In nearly every case these have been taken over by foreclosure, formal or otherwise, and represent at least a threat of substantial loss.

At the same time they are experiencing more and more difficulty in finding suitable investments for the constantly mounting accumulation of deposits, a fix in which most insurance companies also find themselves.

Plans for a balanced area

SUPPOSE we assume that such a cooperative rebuilding plan is to be put in operation in connection with the 72 block section that has been described; that at least approximate answers have been found for vexing questions of city planning, land use, tax policy, population trends, zoning and all the rest; and that all the legal obstacles have been hurdled. It might work something like this:

After careful study by the City Planning Commission in association with the experts of the cooperating banks, insurance companies and other private investment interests, a plan would be developed for rebuilding the entire area with perhaps some of the adjoining districts as well. Such a plan would designate the sections which appeared most suitable for business—wholesale, retail or both; other sections which might be rebuilt successfully with high-price apartments; others for medium rental residences and still others where subsidized housing for low-income families would be built under either the federal or the New York State housing programs.

In the course of the cost studies which would follow, existing property values would be weighed, then the construction and development costs for each type of use and the anticipated rentals and other revenues carefully estimated. By averaging some of these factors, such as land costs, over the entire area it should be possible to favor the less remunerative types of residential or business use and still achieve financial soundness as

Water Cooling?

"Here, a drink of cool water will perk you up in a jiffy!"

"Thanks, it's certainly nice having a FRIGIDAIRE cooler so handy!"



Up go Efficiency and Goodwill...down come Cooling Costs with FRIGIDAIRE Water Coolers



● Here is an easy way to win employee and customer goodwill. It makes work pleasanter for employees, too. Simply install Frigidaire water coolers and supply everyone with plenty of cool, refreshing water at just right temperatures. These economical coolers are low in cost and extremely economical to operate. Moreover, they do a far better job of cooling than old-style methods. Call in Frigidaire today for a survey of your requirements. See your nearest dealer, or write Frigidaire Commercial Division, Dayton, Ohio.

Economical Frigidaire Water Cooler with Famous Meter-Miser Mechanism

Costs only 15c a day to buy —as little as 2c a day to run this efficient Frigidaire cooler. Many other models to suit any water cooling need. Get the facts.

Call in  the expert—

Call in Frigidaire

Products of the Frigidaire Division of General Motors, world's leading manufacturer of mechanical cooling devices, include: Water Coolers, Unit and Central System Air Conditioners, Milk Coolers, Frosted Food Merchandisers, Beverage Coolers, Refrigeration Equipment for display cases, walk-in and reach-in coolers.

★ ★ ★

Do You Want *to* See *a* Salesman?

Chances are you don't. You're busy; you prefer to make up your mind in your own time and in your own way.

Your preference is no secret. Every salesman knows you are hard to see. That's why the firms that make the machines and materials you must buy, continually seek to reach you in some other way. That's why leading manufacturers in every field buy advertising space in this magazine.

They know, even though you are difficult to reach, you are easy to sell. To keep up in business, you have to be alert for new ideas; eager for new methods; quick to try new things.

This need to be completely informed is your real reason for reading Nation's Business. But if you read only the articles and features, you'll miss half your opportunity. The advertising pages, also, are packed with vital business information. They bring you new ideas; save your time; expedite your business buying.

Spend part of your reading time on the advertisements in this issue. The return in hard cash is likely to be handsome.

NATION'S BUSINESS

going to 340,000 men—the largest group of business buyers in America

★ ★ ★

well as a balanced neighborhood unit. With each of the partners committed to undertaking a definite part of the job, the city would begin assembling the property after which the several sections would be sold or leased to the cooperating interests in accordance with the rebuilding plan.

Many and difficult as are the snags that will have to be worked out in executing such ambitious undertakings, the most difficult obstacle to overcome will be our traditional approach to real estate. In this country that approach has been speculative almost from the earliest days. We have always thought in terms of what real estate could be sold for five or ten or 20 years from now. Land was confidently expected to double in value every so many years, and since population kept increasing at a tremendous rate, it often did. Almost as often the bottom dropped out. For our purposes, it is sufficient to note that the bulk of urban building has been done with the idea of cashing in as quickly as possible on a resale.

The investment approach to real estate is a fairly new idea here although in the older countries of Europe it has been the rule for generations. In England, for example, the value of business and apartment buildings is customarily quoted in terms of so many pounds a year; that is, so much income annually. It is a practice that may well be followed here in so far as our cities are concerned. Population growth has slowed down almost completely with the point of actual stability only a few years off. It follows that booms can take place in one section of our metropolitan centers only at the expense of some other section. And, while individuals or groups may profit by the boom process, the municipality itself and its financial institutions eventually must be left holding the bag.

Speculation neglected planning

SUBSTITUTING the investment for the speculative approach offers far-reaching possibilities which bear directly on a rebuilding plan such as has been discussed. Having its mind set on a quick turnover to produce the largest possible profit, speculative building has paid little attention to sound planning or design and not much more to good construction. Preservation of neighborhood amenities and conveniences was given no thought at all. To the institution or group concerned with the safety of its investment and continuing income over a period of years these are matters of first importance.

A start already has been made in some small suburban subdivisions built in recent years where emphasis has been put on community planning. But these have been built on open land where the planner had a free hand. The great metropolitan center has a much more difficult task ahead and it is not merely one of rehousing its slum dwellers, huge as that undertaking is. The real problem is the decay of the city at the core. Its cure demands the eradication, not alone of residential slums, but the business and industrial slums as well. The days of the big city's hectic, adolescent growth are over. This would seem the time to build for a healthy, efficient maturity.

The danger of ignoring politics

A. L. M. Wiggins, President Bank of Hartsville, Hartsville, S. C.

"The year 1940 is the year of challenge to the citizen banker, the citizen business man. Political results this year may determine the course of events in this nation; the kind of government under which we will live, and the social and economic order that will prevail, more than in any other year of the past 25. What part will the banker and business man play? Will he let George do it? In all likelihood he will and George will do the job to his own liking."



PERRIN KENNEDY

Ware Saves Its Business Life

CITIZENS of Ware, Mass., have underwritten their economic security by pooling individual means for purchase of idle textile mill, have attracted 15 new industries by promotion of plant facilities, are campaigning for more to assure product diversification, expect to pay dividends on community venture before end of third year of owner-worker solution of job famine which developed for 1,700 workers when mill shut down.

Situation came to a boil in October, 1937. Original owners of mill had willed property to charitable and educational institutions. Upshot was order from new owners to liquidate holdings. Through sale, business passed to southern industrialists.

News of sale stirred town to its roots. Minot C. Wood, president of the Ware Trust Company, a woolen manufacturer in his own right, matched faith with action, hastened to New York to ask representatives of buyers whether they would sell controlling interest to townspeople. Affirmative response carried price of $50,000.

Less than 48 hours later, a mass meeting was held in Ware. The Chief of Police put up flaming red posters reading: "Save Ware, come to the mass meeting tonight." The share plan was explained. Old and young poured into the Chief's office with money in their hands. Members of a citizens' committee, appointed by the selectmen, were stopped on the street by people who begged to be allowed to buy shares even though they were told they might never get their money back.

The first day $20,000 was raised, mostly by individual purchases of blocks of five and ten shares at $5 a share. In 11 days the total, $50,000, was raised.

"We did not have a campaign. We couldn't stop the people from giving," explains Chief B. W. Buckley. "People sat on my doorstep waiting to give me one dollar bills tied up in handkerchiefs and saved over a period of years from small wages earned in the mill. Over and over again I had to plead with some old person to keep his money. The answer would be, 'This town means more to me than my life savings!' "

It was the chief who suggested the town adopt the slogan which is printed on the sign hanging today at each main highway entrance:

Ware, the Town that Can't Be licked.

Nearly every family in the town has stock in Ware Industries, Inc., which owns and rents the mill space. Shareholders include a thousand workmen, merchants, and housewives.

At mid-February, Ware Industries, Inc., reported to its stockholders that all debts were paid, including a $27,000 loan from the Ware Trust Co. to meet hurricane repairs, announced that it had paid two years' tax bills, was asking the town to send it a larger tax bill for 1940.



Home on the Rails

• When you travel between New York, Buffalo, Cleveland, and Chicago or intermediate points, make the Erie Railroad your home on the rails. Modern air-conditioned equipment, friendly employees, and served-right, priced-right meals make Erie travel a real pleasure. But—just as important is the *smoother ride* made possible by well-cared-for tracks and efficient train operation.

No jolts, no jars on the Erie! Just a smooth ride so that you rest, relax, and arrive refreshed.

WHEN YOU SHIP
REMEMBER ERIE'S FIRST IN FREIGHT...

• Whether you ship pumps or perishables, coal or cotton goods, Erie will handle your freight safely and on time. Erie traffic men may be able to save you money, too. Next time call the Erie Agent *first.*

ERIE RAILROAD SYSTEM

The Map of the Nation's Business

By FRANK GREENE



Business Conditions as of April 1 compared with the same month last year

MARCH witnessed an apparent slackening in the continued business recession but seasonal stimulation was absent in many lines. Steel production dropped to 63 per cent of capacity, with war orders reported as a factor in offsetting smaller domestic purchases. The month's output, however, was 11 per cent greater than in March, 1939. Machine tool, airplane and shipbuilding activity continued at capacity but automobile manufacture declined despite dealer sales at near-peak levels.

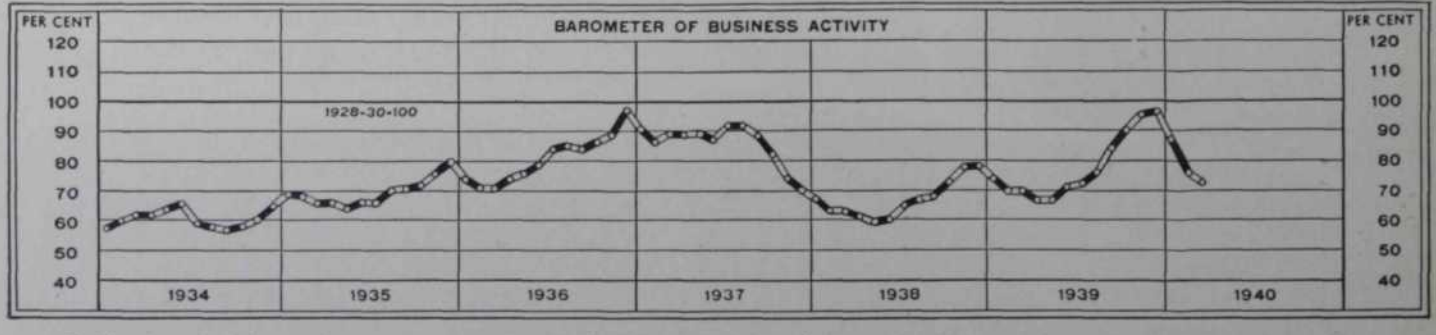
The margin of gain over last year continued to diminish in both electricity output and railroad carloadings, while engineering awards were below March, 1939. Coal shipments were larger. Inclement weather hindered distributive trade but the early Easter helped to keep retail volume slightly above a year ago.

Securities markets continued their sidewise movements and commodities declined slightly, with metals steady in dull markets. Textile buying expanded sharply at the month end.

With industry and business still ahead of a year ago, only minor changes are reflected in this month's Map

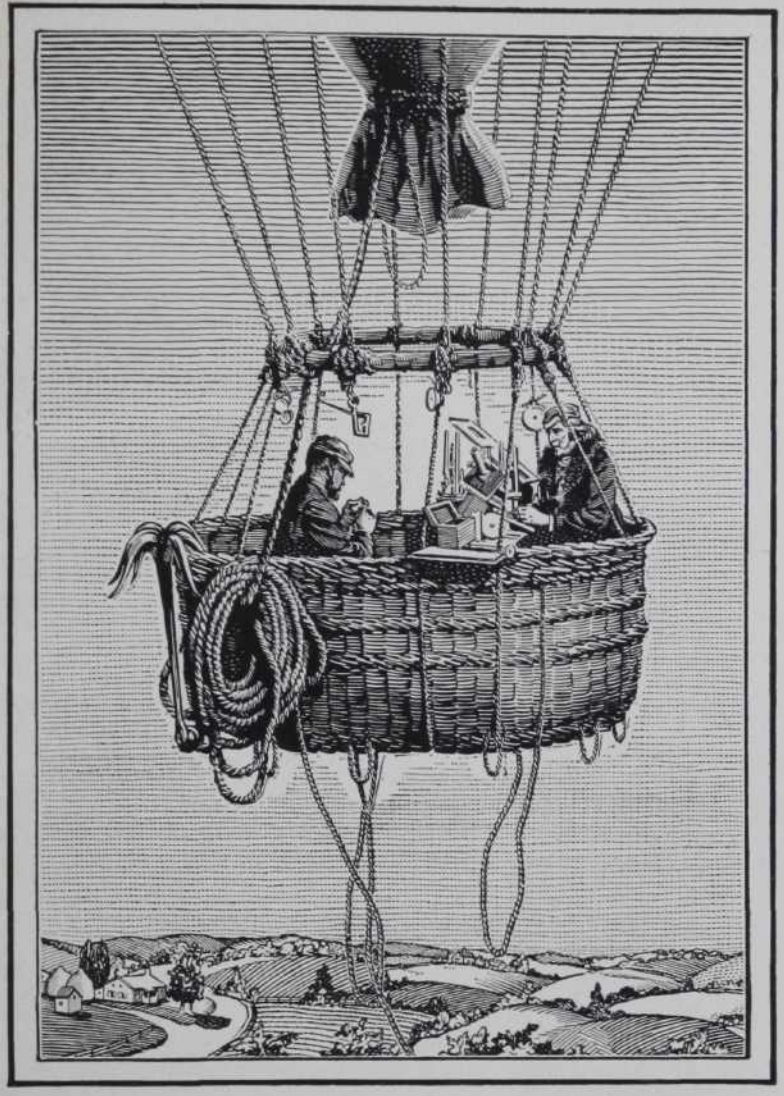


The map of last month



Following the sharp downturn noted in the first two months of the year, the rate of decline in industrial activity lessened considerably in March, showing signs of levelling off toward the end of the month

One way of keeping our feet on the ground



What a changed world it was for the first balloonist. He saw hills and valleys level out. He saw dark clouds serving a thrilling purpose when they reflected a gorgeous sunset. He got a new perspective.

Wise is the man who takes a broad view of today's events and keeps them always in true focus. He makes no mountain out of a rumor and sees no valley as deep as the despair of the pessimists. He is confident that he can take the hurdles as they come.

Such a man has the will to work—and the good judgment to relax when work is done. Moderate in all things, in his thoughts and in his activities, he is living—really living—with and for his family and among his friends. (He is unusual if he doesn't usually serve Budweiser.) He is, indeed, the backbone of America.

Live Life. Every golden minute of it. Enjoy Budweiser. Every golden drop of it.

ANHEUSER-BUSCH
Makers of the World-Famous Beer

Budweiser

TRADE MARK REG. U. S. PAT. OFF.

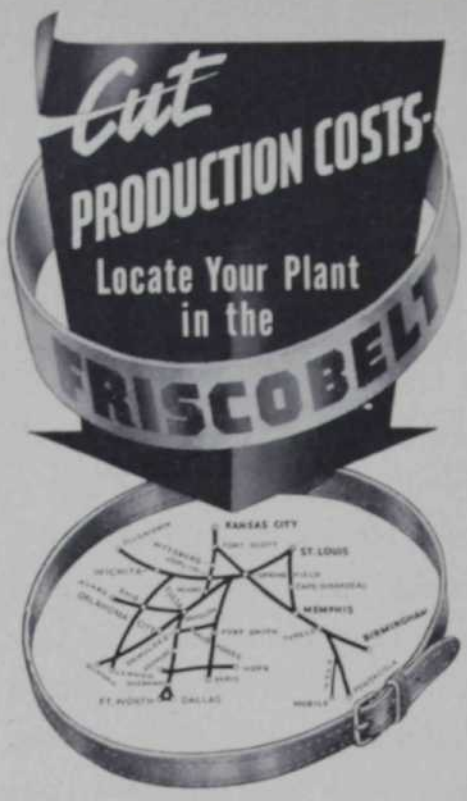
A Beverage of Moderation



MAKE THIS TEST

DRINK BUDWEISER FOR FIVE DAYS. ON THE SIXTH DAY TRY TO DRINK A SWEET BEER. YOU WILL WANT BUDWEISER'S FLAVOR THEREAFTER.

COPR. 1940 ANHEUSER-BUSCH, INC., ST. LOUIS, MO.



Rich in Raw Materials and Low Cost Power

Here you have a ready market of 16,000,000 able-to-buy consumers... an industrial supply market for the oil industries, petroleum refineries ... soap and glass factories...cottonseed oil mills, meat packers, fruit and vegetable canneries ... cotton textiles, lumber mills ... egg and poultry packers—and their host of related industries. Ready at hand are inexhaustible raw material resources, low cost electric and fuel power, and ample skilled and adaptable labor in this great opportunity area—served by Frisco First.

Industries depending upon agriculture will find, in the Friscobelt, ideal soil and climatic conditions for the production of needful commodities.

Your inquiry is invited. Address

Industrial Department, Frisco Lines
820 Frisco Bldg., St. Louis, Mo.

MISSOURI, ARKANSAS, OKLAHOMA, TEXAS, KANSAS, TENNESSEE, MISSISSIPPI, ALABAMA, FLORIDA ARE FRISCOBELT STATES.



Our Permanent Conservation Corps

(Continued from page 24)

worst weakness of the C.C.C. is division of responsibility. The Army runs it. The Department of Labor runs it. The U. S. Forest Service runs it. The forestry and parks departments in each state run it. Responsibility is divided five ways. The system operates like clockwork, until there is a job to do; then the clock stops.

There have been some frightful clashes between administrative groups. In some camps, commanding officers and camp superintendents have refused to sit at the same table or to speak to each other for days or weeks. In Connecticut, the Federal Parks Department clashed with the State Parks Department. The Connecticut Forestry Department has at times resented the interference of the U. S. Forestry Service; and the Department of Labor still enforces rules instituted by the N.R.A.

It was not necessary or wise that responsibility should be thus divided in organizing the C.C.C.

For this reason, the only way to make the C.C.C. thoroughly efficient as a forestry organization would be to pull it all apart. If this were done, all that would be left would be a branch of some other forestry organization; the thing that would be left would no longer be a

An Official View of C.C.C.

THOUSANDS of C.C.C. boys now continue their studies while in camp and receive credit toward their elementary school certificates or high school diplomas. This accrediting of C.C.C. subjects has been made possible through cooperation between the C.C.C. and various state departments of education. . . .

Enrollment in C.C.C. camp classes is voluntary. After an enrollee works out of doors eight hours a day, he must have a very real ambition to cause him to study at night. The curriculum in camps, accordingly, is very practical. It is built around the interests and needs of individual enrollees

Accrediting of C.C.C. subjects provides an additional incentive for these boys to remedy their educational deficiencies. If a course in arithmetic or English, taken while in camp, can be accredited at the boy's grade school or high school back home, he may decide to continue his studies when he returns home. If an enrollee earns an accredited eighth-grade certificate or high school diploma while in a C.C.C. camp, he stands a better chance to get and hold a job when he leaves the Corps. . . .

Courses offered in the C.C.C. vary according to the interests and needs in each camp. Subjects offered in many camps are: typing, blueprint reading, spelling, language usage, woodworking, truck driving, safety, photography, arithmetic and American citizenship.

Few people realize that the C.C.C. has taken on a job of elementary school teaching. Out of 300,000 enrollees last year, 8,500 boys when they entered camp were illiterate. Since the beginning of the C.C.C. more than 80,000 boys have been taught to read and write while in camp.

The average enrollee, when he enters the C.C.C., has never completed the eighth grade. Very few C.C.C. enrollees have graduated from high school. Seldom have they had any vocational training or any guidance toward finding a suitable life work.

Because many C.C.C. boys are assigned to camps outside their home states, it has been necessary to make camp courses conform with those subjects which are generally taught in the public schools of all states. Regulations now govern length of class periods, qualifications of teachers, unity of subject matter, and proper tests. Uniformity of studies protects schools awarding certificates or diplomas or giving credit for courses.

An increasing number of states now give scholastic credit for camp class work. Regulations differ in the various state departments of education. There is a general desire, however, to cooperate with the C.C.C. and to accredit studies completed in the camps. Many of the states have inquired as to how other states accredit C.C.C. educational subjects.

—From a U. S. Office of Education Release on the C.C.C.

C.C.C. in any sense. Our zeal for continuing the C.C.C. forever is not a matter of honest thinking, if it is forestry work that we want to get done. The case of Connecticut is fairly representative of all the states. In Connecticut our C.C.C. costs about $2,000,000 a year. The appropriation for the State Forester of Connecticut is $40,000 a year. And yet the State Forester could do more effective forestry work with $100,000 a year than the C.C.C. has been able to show us for $2,000,000.

There is forestry work in Connecticut that needs to be done, and the people are willing to pay for it. To get that work done, we need an organization, which we consider a means to an end. We already have such an organization: the Connecticut Forestry Department. If we want more forestry work done we appropriate more money, and if we want less, or feel that we can afford less, we appropriate less. We have never appropriated $2,000,000 a year, or even five per cent of that amount, for forestry.

Expensive forestry

OUR C.C.C. is the most inefficient form of forestry organization that can be imagined, and it costs the state $2,000,000 a year. Is it federal rather than state money that is being spent? Let's take a look at the books! Every state pays its proportionate share of the total cost of the C.C.C. Connecticut gets back much less than she pays in. So Connecticut really pays more than $2,000,000 a year for its forestry work. And it's real money, which actually comes out of the pockets of Connecticut taxpayers. It would be cheaper to appropriate $100,000 a year to be administered by the State Forester.

The fourth argument in favor of making the C.C.C. permanent is seldom mentioned by anybody because it might seem to constitute an undeserved criticism of the U. S. Army. But it is possible to consider this question and still leave the Army out of the discussion.

The C.C.C. is essentially a paternal organization. The boys work and earn their money, but they are not allowed to decide for themselves how much of it to send home to their families. They are not allowed to select their own clothing and pay for it with their own money. They are not allowed to own cars, because to own a car would be showing a trace of individualism and independence. C.C.C. officials boast that the boys are fed well, putting on an average of so many pounds a month.

I know from personal observation that they are not fed as well as they ought to be. And why shouldn't they be fed well? They pay for it, don't they?

The underlying spirit of the C.C.C. insists that the Government take care of the people as if they were all babies, and eliminate from their nature every trace of individualism and essential freedom of thought and action which in former, happier days made Americans proficient in the art of productive living. If we want to encourage this defeatist attitude in the United States, one big stride in that direction is to make the C.C.C. camps permanent.

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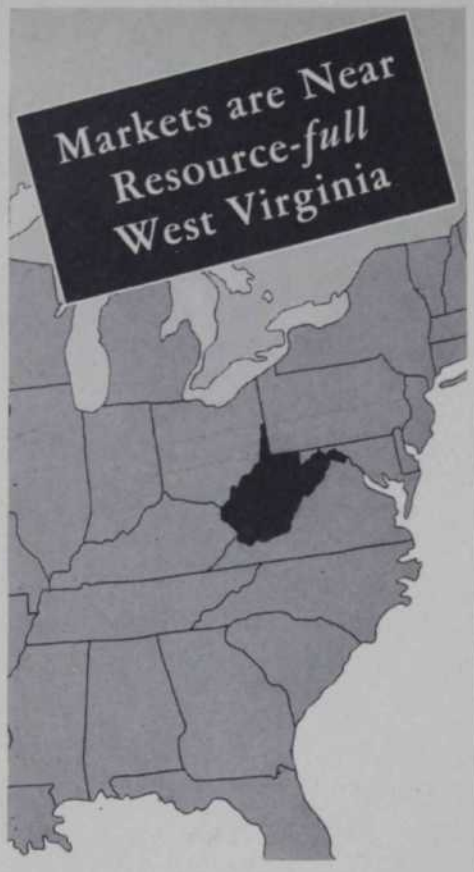
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WEST VIRGINIA
Publicity Commission

Economic Strategy of the War

(Continued from page 16)

The Allies are trading their gold for our goods. And it is gold that we do not need. Indeed, we don't even want it. It will be added to our hoard which, already exceeding $18,000,000,000, is three times the maximum that could conservatively be deemed necessary for our monetary needs.

It seems certain that we will go on exchanging goods for the yellow metal. Just how long, and how much goods, can't even be guessed now. That depends on the fortunes of war. How long will the war last? How serious will it become? How much destruction will there be? How much will British-French production be crippled? How much we will sell the Allies depends on the answers to those questions.

As some slight hint of what may happen, it can be noted that, in the World War, or between July, 1914, and December, 1918, the United States' merchandise exports totaled $11,800,000,000. If that sounds somewhat on the fantastic side it should be noted further that, even in 1938 and 1939, a period of peace except for the final four months, our export balance was at the rate of about $1,000,000,000 a year.

Heavy exports in a few items

THIS rise in United States exports does not mean a well balanced demand for our goods. As already mentioned, and as already well known, our aircraft output has increased tremendously. The industry promises to be kept at capacity, or very near it, indefinitely. There has been a big demand for copper and cotton and some other things. On the other hand, our auto salesmen are finding a dwindling market abroad, except for trucks for army use. In the early months of the war, wheat and gasoline (both wartime necessities) were not much in demand; the future may tell a different story about these, however.

From the very beginning of the war, Britain and France have sought to weld their economic efforts. As early as November they revealed common action in their buying efforts abroad and in their economic warfare generally. In December, an Anglo-French trade pact was announced. This agreement provided that neither country should obtain credit abroad without the consent of the other, that expenditures connected with the war should be split 60 per cent for Britain and 40 per cent for France, and that there should be no new restrictions on inter-Allied commerce.

This trade pact was followed in February with an understanding that all red tape in connection with trade between Britain and France should be removed. This means, of course, that a Britisher selling cotton goods in France can avoid all the many wartime restrictions placed around such trade, whereas an American would still be subject to these restrictions. That's a big help. It's particularly advantageous to French and British business men to know that these countries' currencies are tied together at a certain level, and will stay that way, as far as trade between them is concerned.

Meantime, Great Britain has gone steadily about her business of absorbing certain goods and commodities produced within the countries of her empire. These include Australian wool and meat, Egyptian cotton, Canadian lead and zinc and British West African cocoa. In some cases, Britain has agreed to take all of that share of the production which the producing country does not consume. In any event, she has seen to it that none of these goods or commodities will be exported to countries from which they might be reexported to Germany.

Strategy in economics

ECONOMIC warfare is fought on an elaborate scale in this year of 1940. It consists not only of producing and buying more than the enemy, but of buying from certain countries in such a way as to leave the enemy a minimum of what he needs from the outside world. An essential part of these economic tactics, too, is to halt as much as possible of the enemy's exports. This is of utmost importance in a war with a country like Germany, whose foreign exchange resources are negligible and who, therefore, must depend on exports to pay for imports.

In the conservation of their resources, the Allies are benefiting from their experience in the World War.

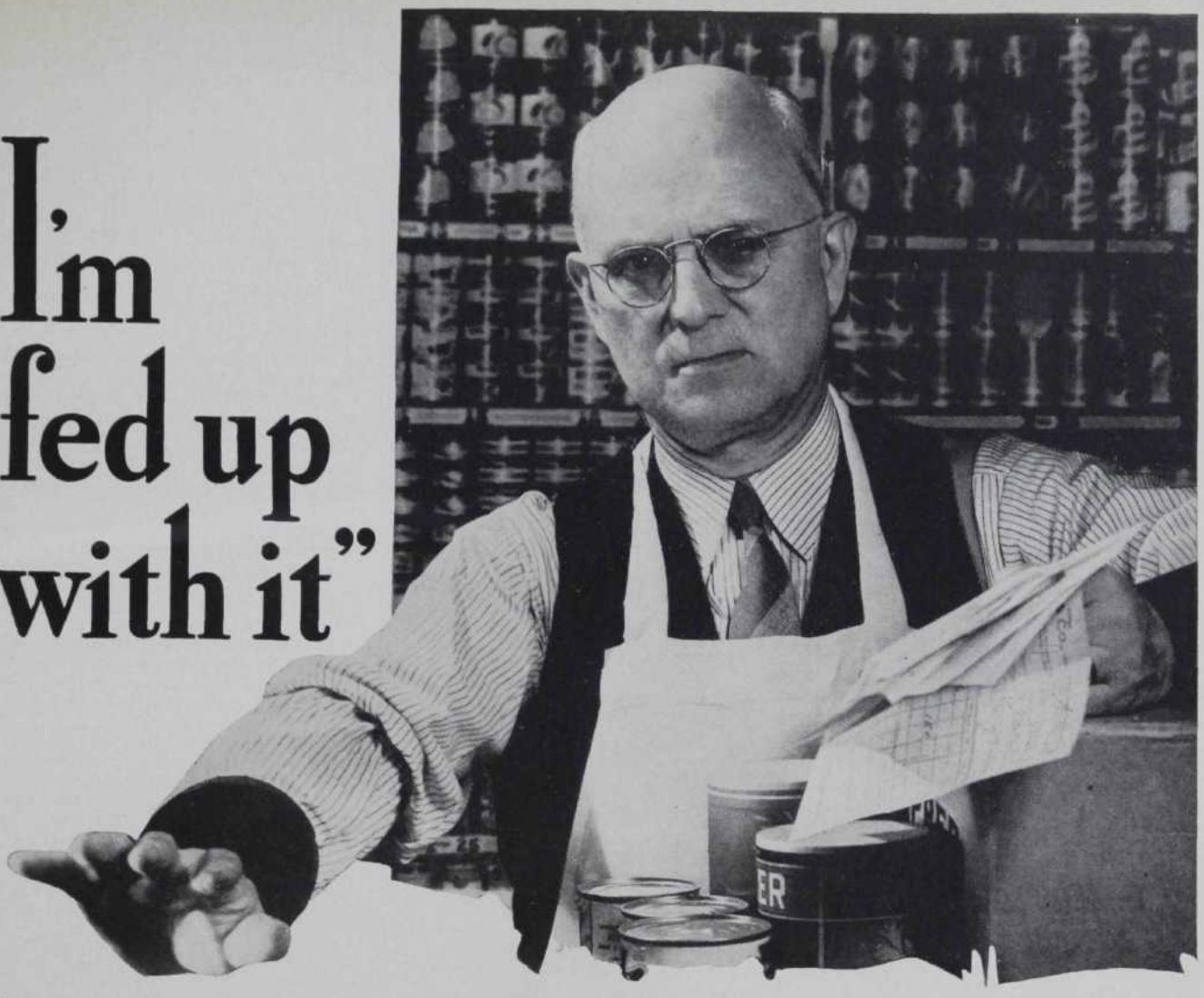
Registration by the British Government of its nationals' holdings of American securities in advance of the actual outbreak of war is an example. Since then the Government has taken over some of those securities, but, from the day of registration, British citizens were unable to sell those securities and hoard their capital in dollars or other foreign currencies. The dollars had to be turned over to the British Government (for buying planes and other things) and the citizens were paid in their home currency—the pound sterling.

France and unit countries of the British Empire have likewise taken steps to prevent the disappearance of their citizens' holdings of foreign securities that can be turned into foreign currencies for war purchases.

The countries at war have established rigid foreign exchange restrictions. Britishers, Frenchmen, Canadians, all are permitted to buy dollars and other foreign currencies only after proof that their use of these currencies is necessary and in the general interest of the Allied cause. In effect, these countries have built fences—and tall ones, too!—around themselves to prevent capital from flowing out and to prevent any wastage of valuable resources that can be used for purchase of needed war materials in neutral countries.

To aid this program, these governments have instituted licensing systems

"I'm fed up with it"



"THERE ARE twenty-eight government agencies dictating the way things must be made and sold in this country.

"Not content with that, some of them—and some trouble-makers outside of government—send out printed matter calculated to throw suspicion on every kind of product and everybody connected with advertising and selling it.

"'Misgraded!' 'Misbranded!' 'Misrepresented!' 'Overpriced!' 'Shortweight!' 'Dangerous!' 'Poison!' For a fact! They're actually shooing people away from my counter with statements like that.

"For more than twenty years I've worked hard to sell my customers better, tastier, fresher packed foods all the time.

"Then these busy-bodies come along with their talk about protecting the consumer, and they tear down good will and hamper progress.

"When we find dishonesty in business let's use the laws already on our books to punish it—the fraud laws, for instance. But let's not make the rare case of dishonesty an excuse to slander all trade and smother it under a swarm of Federal agencies.

"We need confidence in each other, not hate and suspicion. We need a freer, bigger flow of goods to bring back prosperity and make more jobs."

* * *

Friend merchant is right. We can't stimulate employment or that hoped-for ten billion dollar increase in the national income by impeding distribution of goods and services. It was aggressive American advertising and selling that brought us the highest living standard in the world—and can again, with encouragement. *What helps business helps you.*

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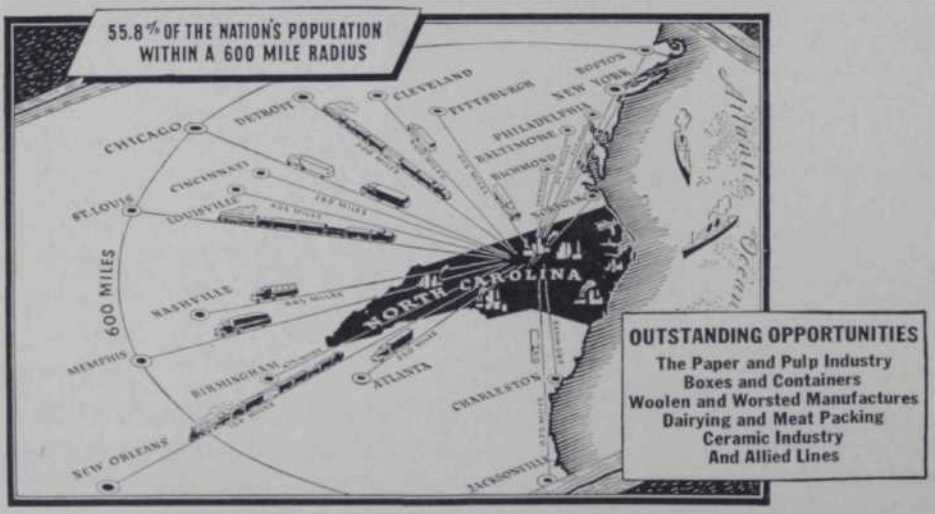
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to decide what goods and commodities shall come into their countries. Before this war is over it is probable that virtually everything Britain, France and the others buy or sell abroad will be part of a complete plan to make the most of these countries' economic resources. Britain cut off imports of tobacco from the United States; she wanted to buy it where it would do her more good. Britain and France shut out American apples and pears, in conserving dollars. Some of these steps have been taken quickly and will be readjusted as time goes on. It is obviously a tremendous task to organize the trade of as large a part of the civilized world as is involved.

One of the best descriptions of Britain's trade problems was made by Edwin Fisher, chairman of Barclays Bank, at the annual meeting of that major British financial institution. He said:

> We should endeavor to deny to ourselves the importations of any goods that can rightly be described as non-essential, in favor of those many requirements which are vital to our needs and which come to us from overseas. Such a course would not only free the foreign exchange needed to finance the latter, but would also liberate valuable cargo space in which the essential goods would be carried to our shores. While it is true that certain material which we need in wartime must be obtained from overseas, it may even be prudent that other purchases should be made abroad, although the goods could be produced at home, for by this means a saving of our own man power is accomplished. The goods so purchased could be paid for by sales of goods manufactured in this country and not required for war purposes. To secure by our export trade a return flow of the goods we need or the exchange to buy them from other countries is a cardinal factor that is as important as it is self-evident.

Our investments help the war

IN ADDITION to supplying goods for the Allies' gold, the United States is participating in this European fray in another economic way. That is by our investments abroad. American dollars are working for the Allied cause, and to some lesser extent, for the German cause at the same time.

As of the end of 1938—and the picture hasn't changed much since then—the United States had $2,327,000,000 invested on a long term basis in Europe. This total was made up of $1,352,000,000 of direct investments (industrial plant and equipment owned by American interests), $845,000,000 in foreign bonds sold here, and $130,000,000 of miscellaneous foreign securities owned in the United States.

The United States has an even greater stake in one country of the British Empire that is likely to grow more and more important in this economic warfare. That is Canada.

At the end of 1938, the United States' total long term investment in Canada and Newfoundland was $3,722,000,000. This total consisted of $2,027,000,000 in direct investments and $1,693,000,000 in securities which were Canadian obligations.

It is already being suggested that, if the war lasts very long, Canada may

realize a tremendous expansion in her industrial output. Her natural resources, relative freedom from serious air attack, and shipping convenience appear to support this view. In this case, our dollars are of even more importance.

The obvious political problems that will remain at the end of this war—no matter which side wins—are tremendous.

What becomes of Austria, of Czechoslovakia, of Poland, of Finland? Indeed, can any solution be found for the political problem that is Europe itself? Can there be a United States of Europe?

We are involved in the war

BUT, in addition to these political difficulties, there will be a thousand economic headaches, all interrelated with the political question marks. These economic troubles will involve the United States deeply.

Whether or not this country is able to stay out of Europe's back-yard scrap—and there is a real determination to do so—we cannot stay out of the economic end of it.

We are up to our ears in it now. And we will not get out until it is over—or afterward!

Among the economic hurdles which loom large for those in charge here at the end of hostilities are:

1. Necessity for the United States to find some way of maintaining its domestic economy on a fairly even keel in the face of the upsetting effects at the end of the war. Those effects are certain to come. If, for instance, British-French purchases of airplanes are suddenly dropped from thousands a month to absolutely nothing, it means thousands of persons thrown out of jobs here. That is the sort of thing to be offset. The history of the post World War period shows how important this is.

2. International trade must be rebuilt along peacetime lines. This will be particularly difficult because so much of the world will be on a wartime trade basis. Even in time of peace, development of world trade is extremely difficult. The depression of the 1930's developed a myriad of trade restrictions and barriers. Import licenses, exchange controls, high tariffs, export subsidies—all sorts of things—were devised to complicate the fundamental problem of distributing around the world the goods that the world produces in the cheapest manner possible. The war is certain to develop, in fact, has already expanded, those trade controls. It is a wartime necessity. Can they be easily dispersed once peace has come again? That is a real problem.

3. Somehow, the hoard of gold which the United States has accumulated must be redistributed, if possible. At least the United States, which is certain to take on additional yellow metal rapidly during the war, must find a way to see that other countries then absorb the annual output. That should be a minimum requirement in the solution of this problem. The best minds which have been studying the question come to one simple conclusion: The United States must buy from the world more goods than it sells in order to redistribute the gold. Sounds easy, doesn't it? But the political implications in such a policy are wide. It will not be easy.

All in all, it would appear that the economic warfare we are witnessing is complicating a situation which has challenged the experts for years.

Business
begins with BUYING
by Westinghouse



• A *manufacturer* must buy before he can sell. He must buy the raw stuff that goes to make the finished product; he must buy machinery and the plants to house it, and must hire the men without whom the finest equipment in the world would be just so much worthless scrap.

• I*n our particular case,* being a large manufacturer, we are first of all an enormous buyer. If all of the copper wire we buy in a single good year were converted into sixteenth-inch wire, the strand would stretch over 209,000 miles—enough to wind eight times around the Earth. And the insulating yarn we buy could be looped 36 times from Earth to Moon.

• W*e use* enough steel and iron each good year to build two railroad tracks 2,290 miles long—or a couple of Oakland Bay Bridges.

• W*e buy a lot* of gas, oil, hydrogen, nitrogen and oxygen; we are a huge consumer of gold, silver, mercury and tungsten. You won't find the kind of sapphires we use for bearings in a jewelry store—nor would you find a jewelry store in the world that could supply the 20,000,000 jewels we need each year. We even buy diamonds and use them as dies for drawing very fine wire. Though most of our purchases run into tremendous quantities, one of them, last year, amounted to just one ten-thousandths of a gram. That was radium, and it cost $300.

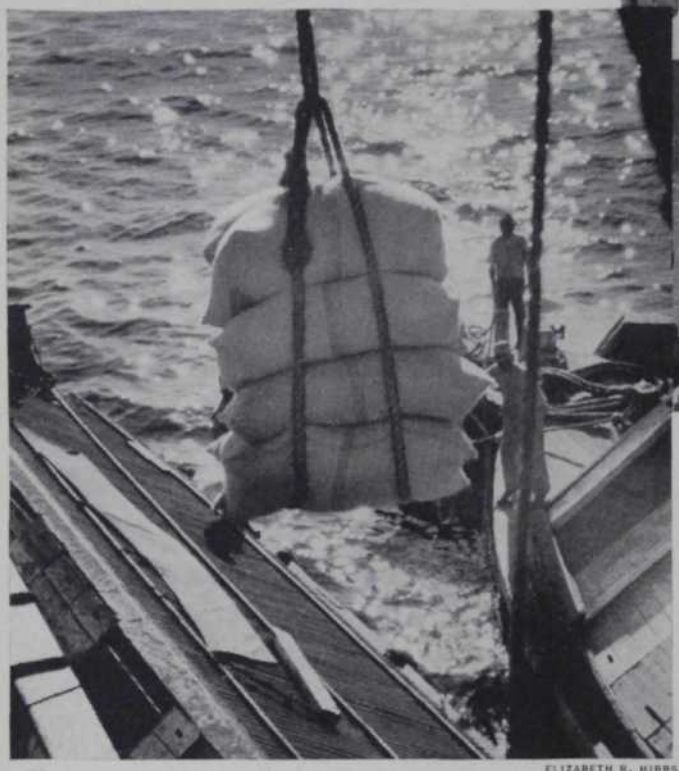
• E*very one* of the forty-eight states and Alaska are important suppliers of ours. Twenty foreign countries contribute materials not produced in America. Almost literally, every industry and every farm produces something that we use.

• "W*hat in the world* can a farm grow for Westinghouse?", you ask. Just to name a few things—oat hulls, molasses, grain and sugar cane for alcohol, dextrine from corn, flour and straw for making foundry cores, lard, sugar, lumber and tapioca; also leather, wool, cotton and meat products. It all adds up to this. Each year we buy more than $100,000,000 worth of the products of industry and farmers. Some of our people have estimated that these purchases give work to about 36,000 persons annually. This is in addition to our own 43,000 employees who fabricate these materials into a vast number of machines and appliances which increase the permanent wealth of America.

• W*ho* gets this wealth? Why, the industries and farmers who sold the materials to us, of course. It's really nothing but an elaborate process of swapping. We swap what we make for the materials needed to make our products.

• T*hat's why* we cannot consider ourselves as a separate industry. Along with thousands of others, we are merely an essential cog in the tremendous process which has created American prosperity and the American way of living.

National Foreign Trade Week, May 19 to 25



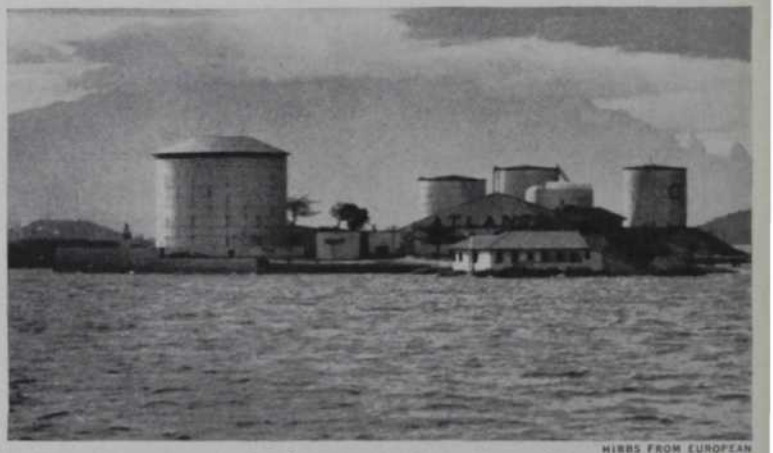
ELIZABETH N. HIBBS

Coffee from Brazil is number one critical item to many Americans



ACME

Tourist trade diverted to South America means a cash income of millions of dollars to our southern neighbors



HIBBS FROM EUROPEAN

American property in foreign lands such as this oil plant in Rio de Janeiro, Brazil, represents huge investments

FOREIGN trade today challenges the skill of American exporters and importers. Belligerent restriction of buying to wartime necessities; control of foreign exchange; contraband search and mail censorship—all these problems and more—force their way on to the desks of American international traders.

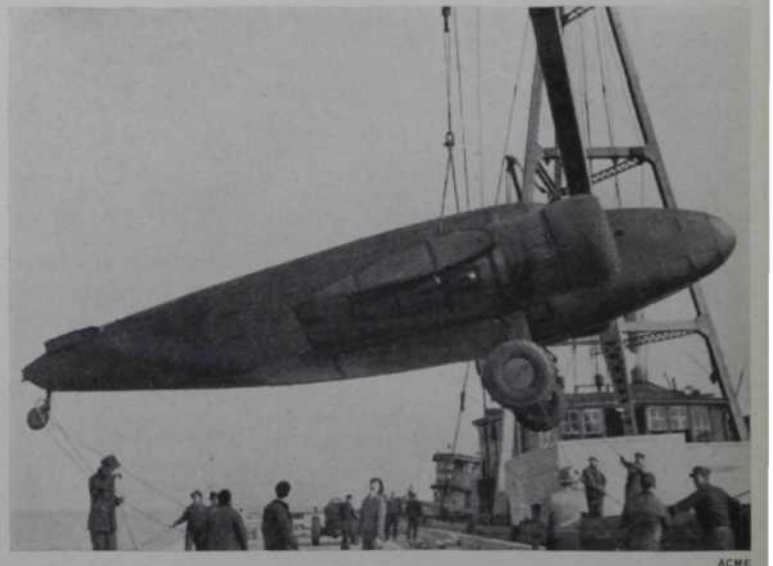
To make more people think more about foreign trade—and to make that thinking accurate—is the purpose for which National Foreign Trade Week was inaugurated five years ago. This year speakers and programs will bring home to the American public the fact that United States is still the world's No. 1 exporter and is now her No. 2 importer.

Of course there are changes. While the belligerents have been buying airplanes and other war items, they have limited their purchases of normal imports such as tobacco and fruits, and diverted much purchasing to their own empires or to countries where they have exchange advantages. Yet the trend of our totals of exports and imports has been upward, with exports showing a sharp rise since the war began.

Significant to the Latin American countries—and to Canada and the United States itself—is the question "Where will the tourists who usually spend more than a hundred million dollars in Europe travel in 1940?"

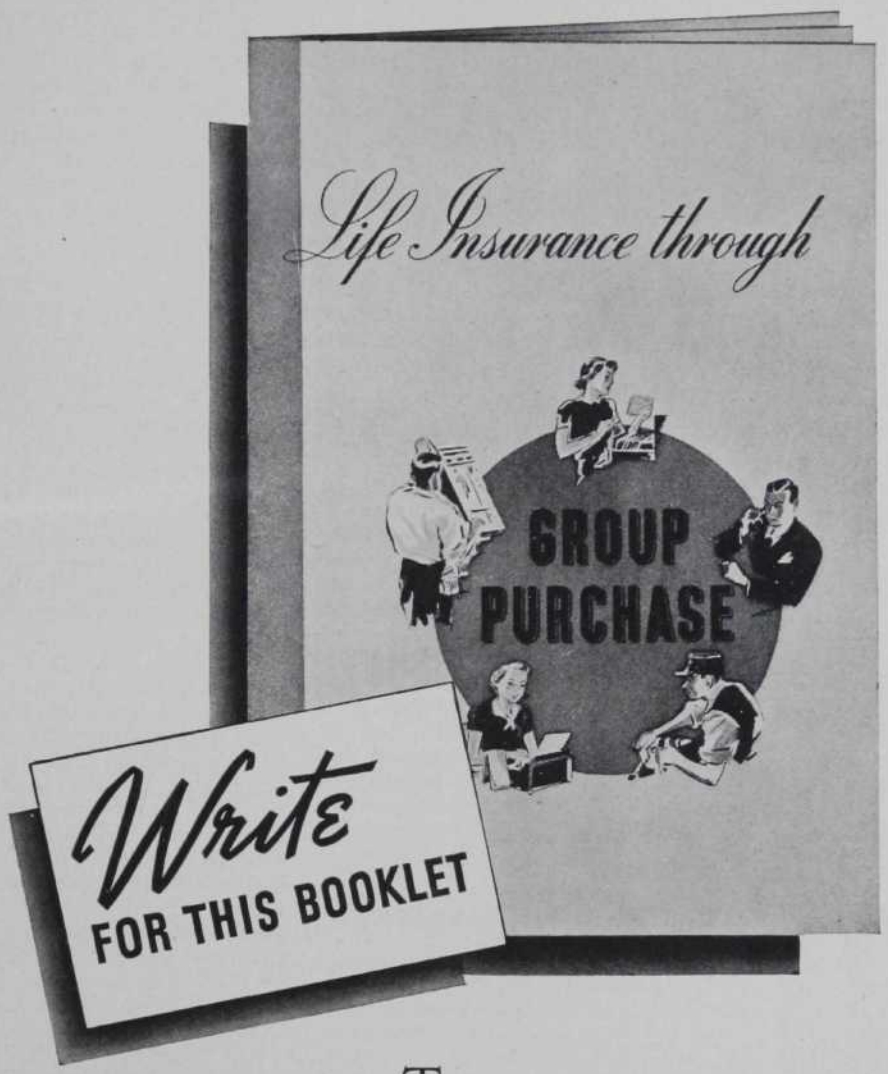
Another problem confronting the United States is the stocking of critical and strategic materials needed for national defense. Few people realize that coffee, for example, is both a critical and strategic food product in time of war. One of Germany's problems today is her shortage of coffee in place of which she is using an ersatz substitute—a ground grain mixture with a drop of essence added for flavor.

When peace comes, what then? The Foreign Commerce Department Committee of the National Chamber points to the increasing entrance of government into the control of export and import trade in the belligerent countries. If economic war follows an armistice, "peace" will be a misnomer.



ACME

War time foreign demand for airplanes is increasing American predominance in this new and rapidly developing industry



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Business Asks the Public

(Continued from page 28)

changes in question wording. In Irvington, N. J., he interviewed 3,000 persons just before an election in which the question of pari-mutuel betting was to be put before the voters. He divided the community into five representative groups. Every one of these groups of 600 was an exact cross-section of the whole community. They were asked their opinions of pari-mutuel betting. But the question was put to the first 600 in one way and to the second 600 in a slightly different wording and so on for all five groups. But in no case was the *sense* of the question changed.

When the election was held after the survey was completed, it was shown that the best question form used forecast the results with 99 per cent accuracy which was extraordinary; the poorest was only 85 per cent accurate, which was very bad. With a difference of 14 per cent obtained with only a slight change in wording, it is easy to imagine the discrepancies that would have occurred with even slight changes in the sense of the question.

Other experimental work on the problem of wording the question has revealed similar discrepancies and two survey organizations are now trying to work out a pre-testing technique which will produce the "perfect" form of question.

Interviewers must be well picked

THE interviewer—the man or woman who actually asks the questions—is exceedingly important. He must be absolutely unbiased. He cannot be too eager, too self-effacing; nor can he prompt those he queries. There is no unanimity of opinion as to what makes a good interviewer. The division seems to be among college students, especially those who are majoring in psychology or a related subject; housewives working part-time; and full-time workers, both men and women. The most careful surveyors agree, however, that the interviewer can and should be, in effect, a research assistant and that he should be able to note significant differences in reaction among various groups or pertinent comment from individuals who may thus reveal that, although they answer a question "yes," actually they mean "no." By reporting such factors, he enables his superiors to make the necessary corrections of errors which, if extensive, might produce a wholly invalid study.

When all factors are considered, the graduate student in college probably does the best job of interviewing. Aside from the pay he receives, he has a keen personal interest in doing a good job and he is therefore less likely to become bored. (Interviewing is dull work and one prominent organization admits to 100 per cent turnover among its interviewers every year.) In addition, since he interviews only part-time, he is more likely to remain eager and alert to discover any trends or discrepancies that might be of value to the home office.

After the interviewing, the next step is to interpret the data. Although the public is familiar only with those polls which report opinion merely by giving the "yes," "no" and "don't know" answers to issues of general interest, most of the public opinion polls conducted in this country today are designed to measure markets for commercial products. The results of these polls are usually known only to the officials of the company which orders them done. Polls of this type are often designed to measure delicate shadings of opinion and to discover the differences in attitude among various groups.

Useful secondary information

FOR example, a recent poll of domestic fuel consumers showed that those who rented their homes were better informed as to the salient features of the automatic coal stoker than were those who owned their own homes. It was allowable to deduce from this that people who rented their houses, moving as they did from time to time and coming in contact with more types of equipment, were much more conscious of the desirable features in a furnace than were home owners. But information of this type was not contained in "yes" or "no" answers to direct questions. It was obtained only by cross-checking the replies to several questions and the questionnaire was planned and tested before the survey so as to make certain that it would provide maximum information when the data were interpreted.

The fifth essential to accuracy concerns the technician's understanding of the limits of what he can do. You cannot survey public opinion on questions on which there is no formed opinion. It is useless to attempt to discover a year or so in advance of the opening how many persons will attend a World's Fair. Most of them don't know that far ahead and unfortunately they won't all say so frankly. People don't like to show ignorance or to appear uninformed. It affects their pride.

Instead of replying "I don't know" to a series of questions, they are likely to express opinions when they really aren't sure what they think. Sometimes they guess wrong. Occasionally it is possible to show such inconsistencies in the analysis of the data but not always. Polls taken on issues on which the public has no information may not only be valueless, but could be actually dangerous if used as a basis for important decisions.

This is particularly true as regards research for business and industry. An industrial concern trying to measure its reputation with the public may easily find that the public knows nothing of its policies and practices and answers questions on the basis of its attitude toward industry in general. Of course, if an industry wishes to measure public ignor-

ance of its policies, it can easily do so. But it will use a much different type of questionnaire than might be drawn up to measure public *attitude* toward its policies.

Surveyors seem to have measured public opinion on practically every question, but the polls which are widely publicized are of much less importance than those which never get into the newspapers. This private type of survey covers as wide a field as does American business. Several surveys are being conducted now, for example, to determine why the public likes or dislikes a particular radio program. In the Middle West, a bus company is measuring the number of its potential passengers. A national trade magazine is surveying public reaction to frozen foods. A New England manufacturer is trying to measure the reaction of the prospective purchaser to mail-order shirts. An electric light company wants to know how to teach its customers to use more powerful light bulbs. A carpet manufacturer is trying to measure the size and type of line he should bring out if he wants to reach a new retail market.

These examples illustrate, in a small degree only, the scope of the field. Business men are rapidly turning to this type of research because it gets results immediately and accurately. And, in measuring a market or in predetermining the probable effect of a sales campaign, accuracy is the most important factor of all.

Much information from polls

BUT the poll method has other uses. With adaptations of these new techniques, a business man can now measure the educational value of his advertising campaigns as efficiently as he can measure actual sales. At least one enterprising organization has adapted the technique to measuring employee morale in large plants. Since employee morale has a vital bearing on the possibilities of expensive labor difficulties as well as efficiency, fluctuations in morale can be highly important to the sensitive employer who tries to avoid employee problems by removing their causes.

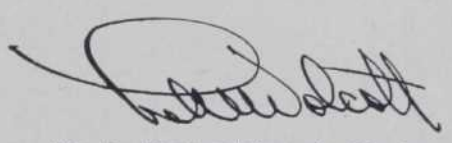
As an accurate measure of the effect of propaganda, polls are an indispensable tool. At the outbreak of the war in Europe one survey organization suggested to the British and French embassies at Washington that they conduct periodic surveys to measure the attitude of the American public toward European events and particularly fluctuation in the public attitude toward supplying the Allies with war materials. Neither embassy has adopted the plan.

There has been widespread discussion of the effects of the publicized polls in influencing public opinion. It is said, for example, that, when a poll predicts the election of a candidate, either his opponents become discouraged or voters swing to the candidate whose success is forecast. This is in line with the old political idea that the voter likes to climb on a bandwagon. There have been some attempts to analyze this influence of polls on public opinion. But no one has thoroughly studied the subject; and to



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WRITES



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SHERWIN-WILLIAMS COMPANY

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claim, in the absence of direct evidence, that they influence it one way or another is pure theorizing.

The possibility that charlatans could materially influence public opinion by faked surveys would seem to be exceedingly remote. Certainly the normal publicity given a poll would have virtually no effect, because it takes endless repetition of an idea before it penetrates public consciousness. Any effort to give abnormal publicity to a false or biased poll would be sure to attract the attention of surveyors and their anxiety to protect the reputation of the technique would prompt them to expose the bias. Such factors are not difficult to detect and any one of the major surveying organizations could, in three days, measure the extent of the bias.

The interview-sampling technique of surveying public opinion is a useful tool and it is here to stay. Undoubtedly, it will undergo continuous refinement and change, but this will merely serve to widen its usefulness.

But in another way, too, the future possibilities of the polls deserve serious consideration. In addition to their direct assistance to the business man in providing a means of accurate measurement of what were formerly great unknowns, they may have important effects upon the democratic form of government. Certainly, the fact that the wishes of the entire adult population of the United States on any vital question can be measured and made known within one week should speed up the process of change in those aspects of business and government which, traditionally, at least, are said to reflect the will of the ultimate consumer or voter. If the average American wants better mouse traps badly enough, he can tell the world about it and, if he wants a neutrality

More Jobs for Machine Tenders:

IN commenting upon the unemployment situation and the effect of machines and depression upon jobs, President Edgar M. Queeny of Monsanto Chemical Company recently quoted the following figures to show the difference between number of men employed in 1929 and 1939.

Industry	No. employed in 1939	Percentage of loss or gain since 1929
Manufacturing	11,022,000	—.0034
Agriculture	10,149,000	—5
Forestry and fishing	210,000	—21
Mining	773,000	—27
Construction	2,174,000	—35
Transportation	1,958,000	—20
Public Utilities	945,000	—22
Trade distribution and finance	8,000,000	same
Professional and domestic	8,724,000	+3
Government (exclusive of relief)	**1,764,000**	**+40**

Said Mr. Queeny: "It would appear from these figures that manufacturing, the greatest user of labor saving machinery, employed almost as many persons at the end of last year as it did ten years ago, whereas industries such as mining and construction with high, inflexible costs, and in which a high degree of unionization has taken place, make the poorest comparison. Industries which have been subject to excessive government regulation and government competition (such as transportation and public utilities) also compare poorly and there are fewer farmers required for the restricted crop production."

law or an independent supreme court or a bigger navy, he can make that known also.

Obviously, with the new tool of public opinion measurement, the leaders in our political and economic systems have at last the means to assure themselves, if they want to, that what they do really reflects the desire of the voter or the ultimate consumer.

Chilean Nitrates Still a Big Business

WRITER Hackett's contribution to the March issue, "Charting New Routes for Commerce" evoked vigorous rejoinder from J. A. Woods, president, Chilean Nitrate Sales Corporation, New York. Article's assertions with regard to position of Chilean nitrate during last World War stirred reader Woods to lively citation of relevant figures issued by United States Government. Statistics offered oppose "implication that Chilean nitrate took advantage of war conditions to raise the price to the fantastic figure of $250 a ton."

Prices up slightly in war

WHOLESALE prices for nitrate of soda in the United States, with source given as Bureau of Labor Statistics, put average ton price of Chilean product in war year 1918 at $93.94, and up only 33 per cent from 1913 level for entire war period, "less than that of most basic commodities during the war period."

Further exception is noted to conclusion that "nitrate fleet has long since been beached." By showing of Mr. Woods:

World sales of natural Chilean nitrate of soda in the year ended June 30, 1939, amounted to 1,716,328 short tons. Shipments to the United States, which is the largest single market, amounted to 630,436 tons. The industry's total shipments have shown a very marked increase in the past eight years since the low point of the depression. The transportation of Chilean nitrate is an important marine business.

For example, when the war disturbed the trade routes of many American ships last fall, Chilean nitrate gave to one steamship line alone a contract for 12 vessels—one of the largest marine contracts in recent years.

As for the significance of the trade in the American economy:

The industry was largely developed with American capital, it has purchased a very great quantity of American equipment, it is one of the largest single toll-payers to the Panama Canal, it pays large sums to the American merchant marine and to American docking and transportation agencies, it develops a market in Chile for American products.

Indiana

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228 North Meridian Street, Indianapolis, Ind.
J. H. Albershardt, Director



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Pers'l Income Tax Returns	86%	Mineral Products	77%
Native White Families	88%	Dairy Products	88%
Total Wealth	88%	Lumber	51%
Passenger Cars	84%	Coal	94%
Commercial Cars	83%	Manufactured Gas	95%
Retail Sales	86%	Steel	98%
Bank Assets	90%	Electrical Horsepower	82%
Bank Savings Deposits	88%	Petroleum Industry	83%
Number of Telephones	86%	Wheat Production	81%
Effective Buying Income	87%	Corn Production	99%

Available: by-products of a job

Standing as it does where business and government meet, the job of NATION'S BUSINESS is to interpret each to the other. It keeps its readers informed about the forces, normal and artificial, which are bringing about a revolution in American business and American life.

Notably characteristic of this job is a series of special multi-page supplements in which NATION'S BUSINESS has reviewed the accomplishments and problems of 5 branches of American activity so far this year—Insurance, Investment Banking, Power and Light, Distribution, and in this issue, Private Medicine.

As by-products, many thousands of reprints of each supplement have been furnished on request to those who wanted copies for associates, clients and customers. Reprints on Distribution and Private Medicine are still available at 10 cents per copy, $6 per hundred to cover costs.

Frequent requests for radio and platform speech material have resulted in a 104 page book entitled "Outlines of Eleven Talks on Timely Questions Affecting the American Free Enterprise System," which has been reported as very helpful. With each outline it provides supporting data and pertinent, authoritative quotations. This book is supplied at 25 cents to cover printing and mailing. Supplementary talk outlines—No. 12, "Private vs. Government Insurance," and No. 13, "Why Dollars are Idle"—at 10 cents each.

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THE Carlton

16TH at K STREET · WASHINGTON, D.C.

Let's Brush the Cobwebs off Selling

(Continued from page 32)

one to use "in the long run." The result was that the selling cost, per order, had just about doubled in those 12 years.

A simple, practical analysis of actual sales showed that the families that were now easiest to sell weren't those low-income families but the middle-income families—the ones that spend up to $75 a month for rent. The quickest way to cut the selling cost in half was to stop calling on the low-income families and put all the selling time into calls on middle-income prospects. And the appeal to use, in selling to them, wasn't "economy" at all. It was "convenience."

In another case—an oil company—tests showed that the filling stations handling the company's two grades of canned oil could step up their sales sharply by using the right kind of display. Dealers who put both grades in the same display rack, side by side, sold practically no more oil than dealers who didn't use the display racks at all. But dealers who displayed each grade separately—standard grade in one rack, premium grade in another—averaged more than 90 per cent higher on their oil sales.

In every sales operation we have ever studied, in scores of industries, we have found that the best selling methods—the things that work best in that particular business—are being used by only a minority of men. This minority is seldom bigger than ten per cent of the sales force. Sometimes it is a minority of one.

In a study of store burglary insurance sales, for example, we found that one agent in a New Jersey city had the key to bigger sales for all the other thousands of agents selling that form of protection. Most agents landed only one sale in 15 calls. He was getting three sales out of every ten calls.

The basic difference between his method and that of the other agents was in the first question he asked.

Most agents would begin a call by asking the storekeeper, "Do you carry burglary insurance?" But only five per cent of all storekeepers do have that kind of insurance. So the answer would be "No," 95 times out of 100—and then the agents would have to listen to all the reasons why.

The New Jersey agent began by asking, "Mr. Storekeeper, who carries your burglary insurance?" And this simple change in his first question altered the whole conversation from that point on.

Naturally, when facts like these are dug up and presented to the men who are selling a product or a service, they leap at the chance to increase their own sales and their incomes. The sales of store burglary insurance jumped immediately when this New Jersey man's method was explained to the other agents selling that same policy. What's much more important, the sales stayed at the higher level from then on, month after month. The stimulus was permanent, not just a shot in the arm.

Selling is one place where it is often quite true that "everybody's out of step but John." The majority of any sales force is usually wrong, because it is sticking to traditional selling methods which either have become obsolete or else never were any good.

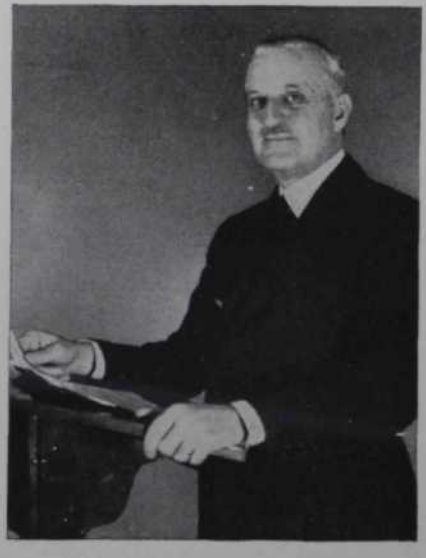
A meat packer operating in one city, for instance, ran his sales up many thousands of dollars when he convinced 64 of his 70 salesmen that they should use the selling methods of the other six men.

We studied the selling methods of these leaders. One main reason for their

Way back when it was stylish to work

Howard Heinz, President
H. J. Heinz Company
From talk on his company's 70th anniversary

"This country was built by men who started at the bench and rose to be heads of their own businesses. No government helped them; they supported themselves. This industrial nation was built by men who practiced thrift, who asked no favors, who earned their own way, and who pulled more than their own weight in the boat."



success was that they were going to the meat display case and waiting for the butcher to come to them, there. When he did, they pointed out what products were out of stock or running low. They got big orders. The 64 other salesmen were making the mistake of talking to the butcher at the block, where he was cutting meat, and taking small orders for anything he might happen to think of.

One of the best ways in which a sales manager pre-determines the results of his men is what he tells them and doesn't tell them about the selling methods they should use. All sales managers know that a large part of the so-called theory of sales training is sheer bunk. It isn't based on facts—on specific measurements.

In every business some specific selling methods work better than other methods do in that particular business. The sales manager's job is to see that as many as possible of his salesmen use those methods as often as possible. To do that, he must determine definitely, and not by guess work, what the best methods are.

Selling needs improvement

SALES management in the mass today is about as far advanced as production management was in 1880. About that time, production managers began to learn that every operation could be measured to determine the right speed for machine tools, the time required for human movements in handling parts, and other factors that could limit or increase output. Relatively few sales managers have yet begun to study selling and merchandising in this fashion.

It may not be generally known, but output per worker employed in manufacturing plants has gone up more than 90 per cent since 1912, while sales per salesman have been showing a distinct downward tendency since the early '20's. In constant dollars they are lower now than they were in 1912.

To those who believe that all output has reached the saturation point in this country these figures may mean that, if we increase sales efficiency, we shall reduce the number of salesmen employed. I prefer to believe that instead we shall increase their number, and also the number of employed factory workers.

Nation-wide application of the best selling methods by careful studies in the field, in my opinion, would bring about a large and rapid increase in national income. A general lowering of prices would be the first essential step in that increase. But this wouldn't hurt the pocketbooks of the stockholders or the salaries of management. It would come out of money now being thrown away on wrong methods, useless calls, and misdirected selling effort.

I believe that it would not require an N.R.A. or a national agreement among business men to bring about such general lowering of prices. Adequate, common sense sales training would point the way to more sales by price reductions. Competition, which is always more active in good times than in depression, would take care of the rest.

A Wise Precaution

FREQUENTLY a business concern depends for its success upon the knowledge and skill of some key executive. The death of such a man would be a serious loss to the concern.

Until he could be replaced there might be a shrinkage in results and profits.

By insuring such an executive with the firm as beneficiary, funds are assured to meet the situation if death occurs. Premiums are paid from the common treasury.

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Home Office, NEWARK, N. J.

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Kuhn, Loeb & Co.

New York, April 10, 1940.



"Silk Stockings in the Morning? Imagine!"

SILK stockings a luxury? Not today, but they were 25 years ago. So was an automobile, and a telephone. An incandescent lamp—not half so good as the one you now get for 15 cents—then cost more than twice as much. And you couldn't buy a radio or an electric refrigerator for love or money.

These are only a few of the things we accept today as commonplace. We expect wide, smooth, well-lighted streets. We want automatic heat in our homes; we clean our rugs with vacuum cleaners. When we go to the dentist we expect him to use an electric drill; we accept without comment an X-ray examination as part of a medical check-up. Luxuries? Not at all; they're part of the American standard of living.

How did they become common in so short a time? Not by some sudden change in our wealth and habits. It was through years of steady work by American industry—scientists, engineers, and skilled workmen developing new products, improving them, learning to make them less expensive so that more millions of people could enjoy them. And so, imperceptibly, luxuries have changed to necessities.

More than any other one thing, the increasing use of electricity in industry has helped in this progress. For more than 60 years, General Electric men and women have pioneered in making electricity more useful to the American people—have led in creating More Goods for More People at Less Cost.

G-E research and engineering have saved the public from ten to one hundred dollars for every dollar they have earned for General Electric

GENERAL ELECTRIC

90-208M7

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"GIVE MY BEST TO THE FOLKS"

"Hope to be seeing you soon." . . . "Gee, it's swell to hear your voice." . . . "We're all well here."

No great words of business or state are these—just the homey, every-day conversations that are America. The thoughts and hopes and remembrances that bind families and friends together. The flow of understanding that helps to make this a united nation.

Always the Bell System stands ready to help—to do its part quickly, cheaply, courteously, in the manner of a friend.

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You flick a Switch ,, or lift this Glass



The flick of an electric switch is an every day affair. So is drinking an ice-cold Coca-Cola. Millions of people accept Coca-Cola that way. You drink it, enjoy it,— and that's that! When you want it, it is there to serve you. It's a part of the American way.

It took an idea to produce Coca-Cola. It took art and skill to give it quality. It took time to put Coca-Cola where you could get it. It took you, and millions like you, who found in ice-cold Coca-Cola something they wanted —pure, wholesome refreshment. All these things reach fulfillment in the moment you raise an ice-cold Coca-Cola to your lips. And so, such a moment has become a symbol of typical American refreshment.

The millions who pause at soda fountains tell you so. Spic and span bottling plants, fleets of trucks, vendor boys in baseball parks, coolers and refreshment stands around the corner from anywhere . . : all these things reveal something we like to point out as typical American enterprise.

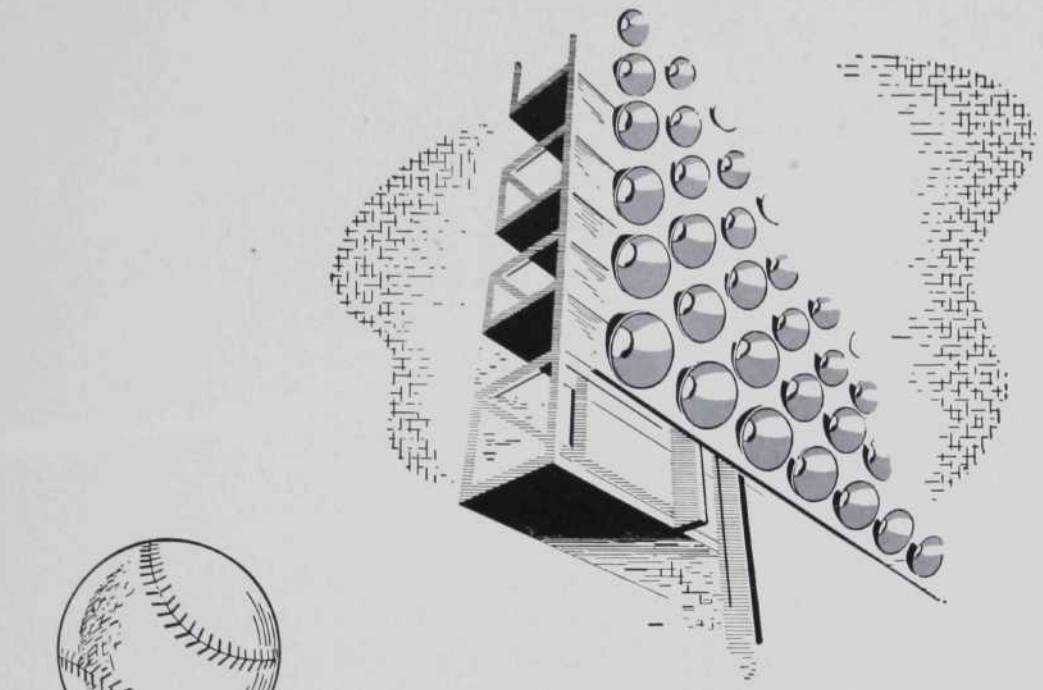
You'll never lose your first impression of ice-cold Coca-Cola. For its taste never loses the freshness of appeal that first charmed you. Coca-Cola always makes a pause *the pause that refreshes.* And it's interesting to remember the history back of it and the contribution ice-cold Coca-Cola has made to the American way of living.

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ALUMINUM IS A HIT, HIGH OVER THE GRANDSTAND

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But the light that makes night games easy to watch, easy to play, doesn't just happen.

You can't follow the bullet speed of a drive through the box in half-light.

Problem the lighting engineers have solved is to put all the light the players need, where they want it, with minimum shadows and glare.

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Bob Swanson

picks his racing cars for speed— his cigarettes for slow burning



HERE THEY COME in a hurricane of dirt and squirting oil. You can almost hear the whine of motors and shriek of brakes as they streak into the sharp unbanked curves. They may call 'em "*midget* racers," but there's *speed to burn* underneath those toy-like hoods. Leading the pack in the picture above is Bob Swanson, Pacific Coast champ. In a split second these racers may be somersaulting, flying through fences. Bob Swanson likes a slower pace in his off-time. Fishes a lot. Smokes Camels a lot. He explains: "I don't like overheating in my cigarette any more than I like it in a racing motor. I stick to Camels. I know they're slower-burning . . . milder and cooler."

Slower-burning Camels give the extras





WITH BOB SWANSON, it's always a slow-burning Camel. "That slower way of burning makes a big difference," says Bob. "Camels are milder—easier on my throat. They don't bother my nerves. And they never tire my taste. Give extra smoking, too." Millions have learned that extra coolness, mildness, and full, rich flavor go with *slow-burning* Camels.

MORE PLEASURE PER PUFF
... MORE PUFFS PER PACK!

In recent laboratory tests, CAMELS burned 25% *slower* than the average of the 15 other of the largest-selling brands tested — slower than *any* of them. That means, on the average, a smoking *plus* equal to



5 EXTRA SMOKES PER PACK!

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Camels — *the cigarette of Costlier Tobaccos*